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Evaluation of the NATO Contribution Program



Performance Measurement and Evaluation
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Table of Contents

Acronyms and Abbreviations	ii
Executive Summary	iv
1.0 Introduction	1
1.1 Context for the Evaluation	1
1.2 Program Profile.....	1
1.3 Evaluation Scope.....	5
2.0 Findings and Recommendations	8
2.1 Relevance—Continued Need	8
2.2 Relevance—Alignment with Federal Roles and Responsibilities.....	9
2.3 Relevance—Alignment with Government Priorities	11
2.4 Performance—Achievement of Expected Outcomes (Effectiveness)	14
2.5 Performance—Demonstration of Efficiency and Economy	37
Annex A—Management Action Plan.....	A-1
Annex B—Evaluation Methodology and Limitations	B-1
Annex C—Logic Model	C-1
Annex D—Evaluation Matrix	D-1

Acronyms and Abbreviations

ACCS	Air Command and Control System
ACO	Allied Command Operations
ADM(Fin)	Assistant Deputy Minister (Finance)
ADM(Mat)	Assistant Deputy Minister (Materiel)
ADM(Pol)	Assistant Deputy Minister (Policy)
ADM(RS)	Assistant Deputy Minister (Review Services)
AGS	Alliance Ground Surveillance
BNATO	Brussels–NATO
CA	Canadian Army
CAF	Canadian Armed Forces
CANMILREP	Canadian Representative to the Military Committee
CANSOFCOM	Canadian Special Operations Forces Command
CFINTCOM	Canadian Forces Intelligence Command
CJOC	Canadian Joint Operations Command
CJOS	Combined Joint Operations from the Sea
COE	Centre of Excellence
Comd CA	Commander of the Canadian Army
Comd RCAF	Commander of the Royal Canadian Air Force
Comd RCN	Commander of the Royal Canadian Navy
DAG	Defence Acquisition Guide
DCB	Defence Capabilities Board
DEFMIN	NATO Defence Ministerial Meeting
DGIIP	Director General International and Industry Programs
DND	Department of National Defence
FORACS	North Atlantic Treaty Organization Naval Forces Sensor and Weapon Accuracy Check Sites
FTE	Full-time Equivalent
FY	Fiscal Year
GAC	Global Affairs Canada
GC	Government of Canada
GDP	Gross Domestic Product
IBAN	International Board of Auditors for the North Atlantic Treaty Organization
ISAF	International Security Assistance Force
JAPCC	Joint Air Power Competence Centre
JISR	Joint Intelligence, Surveillance, and Reconnaissance
MSIAC	Munitions Safety Information Analysis Centre
NAC	North Atlantic Council
NAEW&C	North Atlantic Treaty Organization Airborne Early Warning and Control
NATEX	North Atlantic Treaty Organization Canadian National Technical Expert
NATO	North Atlantic Treaty Organization
NCIA	North Atlantic Treaty Organization Communications and Information Agency
NIFC	North Atlantic Treaty Organization Intelligence Fusion Centre
NSHQ	North Atlantic Treaty Organization Special Operations Headquarters

NSIP	North Atlantic Treaty Organization Security Investment Program
NSPA	North Atlantic Treaty Organization Support and Procurement Agency
OCI	Office of Collateral Interest
OP	Operation
OPI	Office of Primary Interest
RCAF	Royal Canadian Air Force
RCN	Royal Canadian Navy
SACEUR	Supreme Allied Commander Europe
SACT	Supreme Allied Commander Transformation
SHAPE	Supreme Headquarters Allied Powers Europe
SJS	Strategic Joint Staff
STANAG	Standardization Agreement
SWG EW	Special Working Group Electronic Warfare
UK	United Kingdom
US	United States
VCDS	Vice Chief of the Defence Staff

Executive Summary

Purpose

This report represents the results of the evaluation of the North Atlantic Treaty Organization (NATO) Contribution Program conducted by Assistant Deputy Minister (Review Services) (ADM(RS)) in compliance with the Treasury Board *Policy on Results* (July 2016) and the *Policy on Transfer Payments*. The evaluation examines the relevance and performance of the NATO Contribution program for the fiscal year (FY) 2010/11 to FY 2015/16.

The evaluation was conducted by ADM(RS) from February 2016 to September 2016 and may be used to inform future senior management discussions regarding the policy development and sustainment of the NATO Contribution Program activities. An evaluation of the program was also conducted in 2011.

Program Description

The NATO Contribution Program is a transfer payment program and provides funding to NATO programs and activities that serve the interests of all 28 NATO members. As a member country, the Department of National Defence/Canadian Armed Forces (DND/CAF) on behalf of Canada is obligated to contribute to two core NATO programs, the Military Budget and NATO Security Investment Program (NSIP), and can choose to participate in other non-core NATO activities,¹ in accordance with national priorities, requirements and interests.

From FY 2010/11 to 2015/16, the total funding transfers for the NATO Contribution Program was \$933,087,555. Total contributions to NATO decreased annually by an average of 9.6 percent during the evaluation period. The decrease was due to reductions in contributions to some core and non-core activities, as well as the elimination of contributions to programs such as the NATO Airborne Early Warning and Control (NAEW&C), Alliance Ground Surveillance (AGS) acquisition program, and Strategic Lift capabilities.

The NATO Contribution Program management responsibility lies under the Assistant Deputy Minister (Finance) (ADM(Fin)). However, the program requires direction and collaboration from several other Level One organizations as program leads. The process starts with the

Overall Assessment

- NATO membership is more relevant for Canada in the current threat climate compared to ten years ago.
- Membership in NATO has provided Canada with access to equipment, military capabilities and strategic information.
- DND/CAF management of the NATO Contribution Program would benefit from additional improvements, such as establishment of a single point of contact within DND/CAF, knowledge management mechanisms and performance measurement systems in order to access and assess program outputs and outcomes.

¹ Non-core programs: NATO Support and Procurement Agency, NATO Rapid deployment Corps/Allied Rapid Reaction Corps, NATO Special Working Group Electronic Warfare Trials, NATO Russia Council, NATO Naval Forces Sensor and Weapon check Sites, NATO Centres of Excellence.

Strategic Joint Staff identifying the military commitments. Second, the Assistant Deputy Minister (Policy) (ADM(Pol)) identifies/verifies Canada's participation in the specific NATO programs. Finally, the ADM(Fin), as the expenditure authority, authorizes the transfer of payments.

Relevance

NATO membership affords Canada with access to common military infrastructure and capabilities and an equal voice in high-level decisions within the Alliance. Evidence suggests that NATO is more relevant in the current threat climate compared to ten years ago.

The NATO Contribution Program aligns with federal roles and responsibilities, and government priorities. One of the top priorities in the 2015 Minister of National Defence Mandate Letter is to “maintain Canada's strong commitments to [...] the North Atlantic Treaty Organization.” The program supports DND/CAF strategic interests as identified in the *Global Engagement Strategy*. Membership in NATO responds to the need to maintain a “network of defence partners” which allows DND/CAF opportunities for networking, information sharing, and increased interoperability.

Performance

According to program staff and outside experts consulted, NATO Standardization has enabled CAF to leverage capabilities through NATO. As such NATO Standardization was described as one of the main benefits of NATO membership, even if challenges still existed. These challenges mainly stemmed from NATO's lengthy consensus decision making model and technological advancements that make the updating of Standards difficult.

The Canadian delegation in NATO has been active and outspoken participants within the NATO resource community and their participation has been significant. Documents reviewed and outside experts mentioned that Canadian delegation has played a leadership role, particularly in bringing solutions and promoting good management practices within NATO committees.

DND/CAF's financial contributions to NATO allow the Department with access to a variety of military capabilities and strategic information for use in NATO related exercises and operations.

DND/CAF's management structure and reporting process for the NATO Contribution program has improved since the last evaluation (2011). However, the program would benefit from additional improvements such as establishing a single point of contact within DND/CAF for reporting of program outputs and outcomes, establishing knowledge management systems to share program outputs. Similarly, developing performance measurement systems for assessing program outputs and outcomes would further assist in improving reporting process.

There is evidence that participation and awarding of Canadian industries in NATO contracts have been lower compared to other similar NATO countries. As an example, France and Belgium industries gain about four times their national NATO contribution and Norway about three times in total value of contracts. Further, France, United Kingdom (UK), and United States (US) have larger delegations to support industry compared to Canada. These countries have also developed comprehensive strategies to support national industry.

Key Findings and Recommendations

Key Findings and recommendations of the evaluation are summarized in Table 1:

Findings	Recommendations
<i>Relevance</i>	
<p>Key Finding 1: NATO membership affords Canada with access to common military infrastructure and capabilities and an equal voice in high-level decisions within the Alliance. Evidence suggests that NATO is more relevant in the current threat climate compared to ten years ago.</p>	<p>See Recommendation 3</p>
<p>Key Finding 2: The NATO Contribution Program aligns with federal roles and responsibilities; it operates within the framework of the North Atlantic Treaty (Washington Treaty, 1949) and the <i>National Defence Act</i>. During the July 2016 NATO summit; Canada renewed its past and future commitments, indicating that Canada will continue to be a committed member within the Alliance.</p>	
<p>Key Finding 3: The management of the NATO Contribution Program is part of an integrated approach undertaken by individuals from both DND/CAF and the GAC. Although DND/CAF works with GAC in the management of the NATO Contribution Program, the evaluation found no evidence of duplication of roles.</p>	
<p>Key Finding 4: The NATO Contribution Program aligns with federal government priorities and supports DND/CAF's strategic interests as identified in the Global Engagement Strategy. The membership responds to the need to maintain a "network of defence partners" which allows DND/CAF opportunities for networking, information sharing, and increased interoperability.</p>	
<i>Effectiveness</i>	

<p>Key Finding 5: NATO Standardization was described as one of the main benefits of NATO membership. Canada ranks as 7th among 28 NATO countries in the implementation of the NATO Standards.</p>	<p>Recommendation 1: Review and actively implement NATO Standardization Agreements (STANAG), where appropriate.</p>
<p>Key Finding 6: DND/CAF has taken an active role in the development of NATO Standards. However, efforts in the implementation of Standards at the working level could be increased.</p>	<p>OPI: Comd CA, Comd RCN, Comd RCAF</p> <p>OCI: CANMILREP</p>
<p>Key Finding 7: According to Allied nation’s representatives and based on the activities of Brussels–NATO (BNATO), Canadian delegation’s active participation in NATO’s resource committees, particularly in the implementation of best practices, such as accountability and transparency have been significant.</p>	<p>See Recommendation 3</p>
<p>Key Finding 8: The DND/CAF withdrew from NATO’s NAEW&C and AGS acquisition group in 2013.</p>	
<p>Key Finding 9: DND/CAF’s contributions to NATO provide access to a number of unique capabilities through both core and non-core activities that enable interoperability and enhance the testing of existing national capabilities.</p>	
<p>Key Finding 10: Membership in NATO allows DND/CAF to access strategic information developed through various NATO activities, which enables DND/CAF to save resources, maintain expertise in unique subject areas, and access data to build national capabilities.</p>	
<p>Key Finding 11: During the evaluation period, the CAF has participated in a number of NATO operations and exercises. In 2011, a CAF member became in charge of the Combined Joint Task Force Unified Protector.</p>	
<p>Key Finding 12: The DND/CAF management structure and reporting process for the NATO</p>	<p>Recommendation 2: Establish a strategic coordination role within</p>

<p>Contribution Program has improved since the last evaluation (2011). However, additional improvements, such as establishment of a single point of contact within DND/CAF for reporting would assist in effectively using program outputs and outcomes in program validation.</p>	<p>ADM(Pol) that would take a consolidated approach to providing L1s access to consistent information and improving awareness of DND/CAFs larger NATO engagement.</p>
<p>Key Finding 13: Information from core and non-core programs is not being effectively used within the DND/CAF to inform or to validate the comprehensive impact of the Program. This issue has been raised in the previous evaluation report (2011). Further, the Contribution Program does not have a holistic performance measurement strategy; very few of the programs have started measuring program performance. However, these are not collated and reported.</p>	<p>OPI: ADM(Pol) OCI: ADM(Fin), VCDS Recommendation 3: Continue to provide funding through the NATO Contribution Program to the core and non-core programs for NATO membership; however, going forward, develop processes for the DND/CAF to monitor and/or comprehensively review core and non-core program results. This will provide a holistic perspective of the program and also assist in determining which non-core program activities may be funded for the next program cycle through the NATO Contribution program.</p>
<p>Key Finding 14: In terms of knowledge management, the DND/CAF NATO Contribution Program does not formally solicit feedback from core and noncore program recipients. In some areas, information collected on program outputs and outcomes has not been well promoted or made easily accessible.</p>	<p>OPI: ADM(Fin) OCI: ADM(Pol), VCDS Recommendation 4: Develop mechanisms to make NATO program information (outputs and outcomes) accessible to DND/CAF members. OPI: ADM(Fin)</p>
<p>Key Finding 15: The Washington Treaty (1949), recent Warsaw Summit (2016), and the Global Engagement Strategy (DND, 2015) support the involvement and development of member nations’</p>	<p>Recommendation 5: Improve efforts to assist industry with potential contracts as per the Global Engagement Strategy</p>

<p>industries in order to provide domestic economic benefits and benefits to NATO as a whole. Participation and awarding of Canadian industries in NATO contracts have been lower compared to other similar NATO countries. As an example, France and Belgium industries gain about four times their national contribution and Norway about three times in total value of contracts.</p>	<p>(DND, 2016) and the Industrial and Technological Benefits Policy (2014) to align Canadian industrial participation with potential NATO contracts.</p> <p>OPI: ADM(Mat)</p>
<p>Key Finding 16: France and the US have larger delegations to support industry compared to Canada. These countries have also developed comprehensive strategies to support national industry.</p>	<p>OCI: ADM(Fin)</p>
<p>Key Finding 17: There are areas where interoperability can further be improved through implementation of NATO standardization.</p>	<p>See Recommendation 1</p>
<p>Key Finding 18: According to NATO records, in 2015 Canada spent the equivalent of 0.98 percent of GDP on defence in comparison to the 2 percent guideline to be moved towards by 2024. Canada has also demonstrated commitment to NATO by agreeing to lead a multi-national NATO battlegroup in Latvia.</p>	
<p>Key Finding 19: DND/CAF fulfills hundred percent of their personnel support commitment in NATO Command.</p>	<p>See Recommendation 3</p>
<p><i>Efficiency and Economy</i></p>	
<p>Key Finding 20: In order to deal with NATO's management of funding, ADM(Fin) optimizes the use of resources to the best of their ability by using historical financial information and trending.</p>	<p>See Recommendation 3</p>
<p>Key Finding 21: A number of NATO contribution program activities offer benefits to DND/CAF by providing access to unique capabilities and expertise. The evaluation noted opportunities to improve and optimize DND/CAF's involvement in other program activities to fully take advantage of their outcomes.</p>	

<p>Key Finding 22: DND/CAF is unable to access common fuel contracts through the NSPA program due to Treasury Board contracting policies. Improvements to existing contracting policies could lead to cost savings.</p>	
<p>Key Finding 23: DND/CAF’s contributions to NATO dropped from \$230 million in 2010-2011 to \$130 million in 2015/16. A contributing factor to the reduction was DND/CAF’s withdrawal from NAEW&C and AGS acquisition group. Canada has the sixth largest cost share of Military Budget and NSIP contributions, in comparison to other NATO members.</p>	

Table 1. Summary of Key Findings and Recommendations. This table summarizes the key findings and recommendations of the evaluation.

Note: Please refer to [Annex A—Management Action Plan](#) for the management responses to the ADM(RS) recommendations.

1.0 Introduction

1.1 Context for the Evaluation

This report represents the results of the evaluation of the NATO Contribution Program conducted by ADM(RS) in compliance with the Treasury Board Policy on Results (July 2016) and the *Policy on Transfer Payments*. As per the Treasury Board policy, the evaluation examines the relevance and performance of the program over a six-year period, FY 2010/11 to 2015/16. The evaluation was conducted from February to September 2016 and may be used to inform future senior management discussions regarding the policy development and sustainment of the NATO Contribution Program activities.

The evaluation does not cover the DND/CAF roles and activities with NATO outside of the NATO Contribution Program.

There has only been one previous evaluation of the NATO Contribution Program in 2011. This evaluation noted that DND/CAF does not have a holistic perspective on its NATO investments, which could result in conflicting advice, lost opportunities and a lower return on investment. Recommendations were made to implement a management framework to provide for the strategic management of the DND/CF involvement in NATO to ensure that NATO investments are fully leveraged to the benefit of the DND/CF and Canadians; and to continue to advocate for the development and collection of performance indicators for all core and non-core programs and activities at NATO.

There was also an audit of the program, conducted by ADM(RS) in 2004 that examined the management processes used for DND's NATO contributions. The audit made recommendations towards enhancement of management process, such as improvement of documentation of significant decision making. In addition, the Independent Board of Auditors for NATO (IBAN) has regularly conducted audits of individual projects of the NSIP, the NATO Support and Procurement Agency (NSPA), and the NATO Military Budget Program and reported the results to the Canadian representatives in NATO.

1.2 Program Profile

1.2.1 Program Description

Canada has been a member of the NATO since its inception in 1949. This political and military alliance is designed to promote the stability of the North Atlantic area and to safeguard the freedom of its peoples, based on the principles of democracy, individual liberty and the rule of law.² The North Atlantic Treaty (also known as the Washington Treaty) is the foundation of

² Global Affairs Canada, *North Atlantic Treaty Organization*, retrieved July 4, 2016, <http://www.international.gc.ca/nato-otan/index.aspx?lang=eng>.

NATO and contains 14 articles, most importantly Article 5 which outlines the principle of collective defence.³

As per the North Atlantic Treaty, Canada is obligated to contribute to core NATO programs and can choose to participate in other non-core NATO activities,⁴ in accordance with national priorities, requirements and interests.⁵ The two Core Programs that DND/CAF contributes to are the Military Budget and NSIP. Global Affairs Canada (GAC) is responsible for the civil contribution to NATO, particularly to the Civil Budget. The Military Budget portion funded by 28 nations covers the operating and maintenance costs of the NATO Command Structure Entities and Programs, funds the budget for Alliance Missions and Operations, and the pensions of international staff. The Military Budget also provides funds for Alliance Ground Surveillance (AGS) (funded by 26 nations) and the operations and maintenance of NAEW&C (funded by 16 nations). The NSIP covers major construction and command and control system investments. It supports the roles of the NATO strategic commands by providing installations and facilities such as air defence communication and information systems, military headquarters for the integrated structure and for deployed operations, and critical airfield, fuel systems and harbour facilities needed in support of deployed forces.⁶ Canada is currently part of 10 non-core programs and activities. A list of NATO non-core programs is provided in Section 1.3 Scoping.

NATO's initial design was a collective defence structure in the context of the Cold War. The disappearance of the Soviet threat contributed to the somewhat decreased relevance of the Alliance.⁷ Following the disintegration of the Soviet Union in 1990s many predicted the fall of NATO. Yet the Alliance was able to devise new strategic concepts during the Rome Summit of 1999 and the Lisbon Summit of 2010, transforming the organization from a team of contained Atlantic defenders to one of – albeit imperfect – global security-keepers and crisis-managers.⁸ Terrorism, cyber-attacks, missile defence, natural disasters, piracy and energy insecurity know no boundaries. “Partnership deployments” conducted among NATO allies (such as the campaigns in Afghanistan and Libya) became a more typical form of Canadian engagement.⁹

³ NATO, *North Atlantic Treaty*, April 4, 1949, retrieved July 28, 2016,

http://www.nato.int/nato_static_fl2014/assets/pdf/stock_publications/20120822_nato_treaty_en_light_2009.pdf.

⁴ Non-core programs: NATO Support and Procurement Agency, NATO Rapid deployment Corps/Allied Rapid Reaction Corps, NATO Special Working Group EW Trials, NATO Russia Council, NATO Naval Forces Sensor and Weapon check Sites, NATO Centres of Excellence.

⁵ Member countries make direct and indirect contributions to the costs of running NATO and implementing its policies and activities. This may be considered as a type of NATO annual fee, as member nation contributions are obligatory. Canada funds two core common-funded NATO activities: Military Budget and the NSIP program. Participation in all of the other programs and activities funded through the NATO Contribution Program are discretionary. Canada has made an intentional decision to participate in them and has the option of withdrawing participation from them.

⁶ NATO, *Funding NATO*, retrieved July 5, 2016, http://www.nato.int/cps/en/natohq/topics_67655.htm.

⁷ Capt(N) Peter Avis, *Seductive hegemon: why NATO is still important to Canada*, 2004, retrieved July 22, 2016, <http://www.journal.forces.gc.ca/vo5/no1/nato-otan-eng.asp>.

⁸ Hugh Segal and Jessica McLean, *Exigencies of Future Deployments: What Canada must Exact from its Military Partners*, Canadian Global Affairs Institute, 2013.

⁹ Ibid.

Throughout the 1990s, NATO transformed to meet the new challenges.

A fundamental aspect of NATO strategy since the early 1990s has been the opening up of the Alliance to new members and the broadening of contacts and cooperation with non-member countries through a range of bilateral and multilateral relationships and partnerships.¹⁰ Currently, NATO is an alliance of 28 countries from North America and Europe, with Allies in the process of ratifying the accession protocol for an additional member, Montenegro. NATO also engages with over 40 countries through various partner arrangements, including the Partnership for Peace, the Mediterranean Dialogue and the Istanbul Cooperation Initiative, as well as international organizations such as the United Nations, the European Union, and the Organization for Security and Cooperation in Europe.

The Alliance has a global approach to defence, with past and continuing activities ranging from peace support operations in Kosovo, to counter terrorism operations in the Mediterranean, as well as combat operations and the training of security forces in Afghanistan. NATO first invoked Article 5¹¹ of the North Atlantic Treaty on September 11, 2001, in response to the terrorist attacks on the US.¹²

Canada supported both NATO's enlargement and internal reform, arguing that "NATO had now become the embodiment of those ideals first enunciated in Article 11 of the treaty: a forum for nonmilitary cooperation and dialogue from which security, and a true sense of North Atlantic community, might gradually emerge."¹³ Canada's military participation in NATO's air campaign in former Yugoslavia (1999) indicated a continued commitment in NATO. Canada joined British and American troops in Afghanistan in 2001, first at sea supporting and defending the international fleet operating there. Canadian soldiers also joined soon after to eliminate terrorist operations. Canada's combat role in the country ended in 2011, when the focus shifted to training Afghanistan's army and police force and the last service members left the country in March 2014.

In general, the NATO Contribution Program provides funding to NATO programs and activities that serve the interests of all 28 members – and are not the responsibility of any single member such as NATO wide air defence or command and control systems. Costs are borne collectively, using the principle of common funding. Common funding arrangements are used to finance NATO's principal budgets, including the Military Budget (costs of the integrated command structure) and the NATO Security Investment Program (military capabilities).

¹⁰ Ibid.

¹¹ Article 5 in the Washington Treaty is the foundation of collective defence. "The Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all and consequently they agree that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defence recognised by Article 51 of the Charter of the United Nations, will assist the Party or Parties so attacked by taking forthwith, individually and in concert with the other Parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area."

http://www.nato.int/cps/en/natolive/official_texts_17120.htm.

¹² Government of Canada, *Canada and NATO*, retrieved July 2016, <http://news.gc.ca/web/article-en.do?nid=845299>.

¹³ Dr. Dean F. Oliver, *Canada and NATO, Dispatches: Backgrounders in Canadian Military*, retrieved July 20 2016, <http://www.warmuseum.ca/learn/dispatches/canada-and-nato/#tabs>.

In 2011, Canada decided to conclude its participation in the AGS acquisition program, Strategic Lift Capabilities and NAEW&C programs.¹⁴ These steps were taken to allow significant cost avoidance in the area of fleet upgrade costs as well as free up over 100 positions.

1.2.2 Program Objectives

The aim of the NATO Contribution Program is to provide for the ongoing defence of Canada and protect the interests of the Government of Canada through routine participation as an active member of the NATO.¹⁵ The program achieves its results by representing Canadian interests in defence policies and plans; military standards and doctrine, and best practices; fostering defence diplomacy and international defence relations; and providing Defence capabilities for ongoing operations.

Canadian interests in defence policy and planning matters are delivered through the Canadian Joint Delegation to NATO and through representation on the NATO Headquarters International Military Staff which facilitates the framing of NATO defence issues in ways commensurate with Canadian interests. The Canadian Joint Delegation to NATO in Brussels is headed by the Canadian Permanent Representative. The delegation, which also includes the Military Representative, is comprised of a political section, a military section and a defence support section. The delegation represents Canada on the North Atlantic Council (NAC), the Military Council and other decision making bodies of the Alliance and reports to the Canadian government on all NATO-related issues.¹⁶ The NAC is the only body within the Alliance which derives its authority explicitly from the North Atlantic Treaty and is the most important decision-making body in NATO. It is chaired by the NATO Secretary General and each member nation is represented by a Permanent Representative with ambassadorial rank, foreign and defence ministers, or heads of state and government. The Military Committee is composed of Chiefs of Defence from each of the NATO nations and is the principal advisory body to the NAC on matters relating to military strategy and military requirements. The Committee's principal role is to provide consensus-based advice on military policy and strategy to the NAC and direction to NATO's Strategic Commanders.¹⁷

1.2.3 Stakeholders

The NATO Contribution Program requires direction and collaboration from several Level One organizations as program leads. The process starts with the Strategic Joint Staff (SJS) identifying the military commitments. Second, ADM(Pol) identifies/verifies Canada's participation in the specific NATO programs. Finally, ADM(Fin), as the expenditure authority, authorizes the transfer of payments. In addition, ADM(Mat), Canadian Joint Operations Command (CJOC),

¹⁴ Government of Canada, *The Budget Plan*, June 6, 2011.

¹⁵ Government of Canada, Department of National Defence, *DND Reports on Plans and Priorities 2015/16*.

¹⁶ NATO, *NATO Structure*, retrieved July 11, 2016, <http://www.nato.int/nato-welcome/index.html>.

¹⁷ At the strategic level, the NATO Command Structure (NCS) encompasses two Commands – Allied Command Operations (ACO) responsible for planning and execution of all NATO operations and Allied Command Transformation (ACT) responsible for NATO's transformation. Supreme Headquarters Allied Powers Europe (SHAPE) located in Mons, Belgium, is the strategic level headquarters of ACO and commanded by Supreme Allied Commander Europe (SACEUR). SACEUR assumes the overall command of operations at the strategic level and exercises his responsibilities from SHAPE.

Canadian Special Operations Forces Command (CANSOFCOM), Canadian Forces Intelligence Command (CFINTCOM) and the three Environments act as primary activity leads for the activities within the core and/or non-core programs.

Partners and stakeholders include other federal government departments such as the GAC and industry members, including General Dynamics-Mission Systems.

Canadians ultimately benefit from Canada's contribution to NATO as the role of NATO is to safeguard the freedom and security of its member countries by political and military means.

1.3 Evaluation Scope

1.3.1 Coverage and Responsibilities

This evaluation focused on the NATO Contribution Program for the Vote 10 contribution cycle from FY 2010/11 to FY 2015/16 as per DND/CAF Program Alignment Architecture Sub-Sub Activity 1.2.3., Ongoing Defence Operations through Standing NATO Commitments. The evaluation also considered how the Program is moving forward into its new five-year cycle. The evaluation did not include participation in extended or crisis and surge response operations (Sub-Sub Activity 1.2.1 and 1.2.2).¹⁸

The Program funded the following core and non-core separate programs and activities during the evaluation period:

- NATO Military Budget;
- NATO Security Investment Program (NSIP);
- NATO Support and Procurement Agency (NSPA);
- NATO Rapid Deployable Corps;
- NATO Centres of Excellence (COE);
- Joint Air Power Competence Centre (JAPCC);
- Special Working Group Electronic Warfare (SWG EW) Trials;
- NATO-Russia Council;
- NATO Naval Forces Sensor and Weapon Accuracy Check Sites (FORACS);
- Munitions Safety Information Analysis Centre (MSIAC);

¹⁸ International Operations over Extended Periods, aim to meet expectations agreed upon by the Canadian Government and foreign partners, which include allied nations, alliance organizations and the United Nations. Results are achieved through the application of Defence capabilities by force elements outside of the domestic or continental setting. The operations conducted under this Program occur over extended periods during which time certain force elements from across the portfolio are tailored, delivered and sustained within a forum that typically also includes force elements provided by international partners. Examples of past operations conducted as part of this Program are those conducted in Afghanistan and Bosnia. The operation in Libya is an example of an operation conducted as part of the International Crises and Surge Response Operations Program.

- NATO Intelligence Fusion Centre (NIFC);
- NATO Special Operations Coordination Centre (NSHQ);
- NAEW&C (last payment FY 2013);
- AGS (last payment FY 2013); and
- Strategic lift capabilities (last payment FY 2014).

The previous evaluation (2011) covered these programs with the addition of the Central Europe Pipeline System which Canada withdrew from in 2006.

1.3.2 Resources

From FY 2010/11 to 2015/16, the total funding transfers for the NATO Contribution Program were \$933,087,555 which represents 0.8 percent of overall DND/CAF expenditures. During the evaluation period, total contributions to NATO decreased by 9.6 percent. The decrease was due to reductions in contributions to some core and non-core activities, as well as the elimination of contributions to programs such as the NAEW&C, AGS, and Strategic Lift Capability. The reasons for reductions will be discussed in the Performance section of this report.

As the NATO Contribution Program is a transfer payment made under Vote 10 Grants and Contributions, there are no Vote 1 (personnel, operations and maintenance) resources associated with the program. This means that any support and management costs associated with the program are paid by the branches where the management personnel reside. For example, the Program Manager is under ADM(Fin) and spends a large amount of time managing the Contribution Program; Salary Wage Envelope for this position is paid for by ADM(Fin) and not the Contribution Program. As a result, there are no full-time equivalents (FTE) solely dedicated to the management of this Contribution Program.¹⁹

¹⁹ There are four FTEs within BNATO that are heavily involved in the contribution program, three of the FTEs with a lesser degree of involvement. Further, ten of the FTEs involvement in managing the Contribution Program is a total of four weeks a year or less. There are a large number of personnel who are involved in NATO Contribution activities through their participation in Centres and attendance of committee meetings and working groups; however, this group of personnel is not involved in the management of the Contribution program.

(\$000)	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	Six-year total
Core	230,980	169,033	150,131	135,600	106,684	128,514	920,943
Change from previous year (%)		-26.8	-11.2	-9.7	-21.3	20.5	
Average annual change (%)						-9.7	
Non-Core	2,195	2,205	1,839	2,129	1,522	2,254	12,144
Change from previous year (%)		0.5	-16.6	15.8	-28.5	48.2	
Average annual change (%)						3.8	
Grand Total	233,176	171,2389	151,970	137,7289	108,206	130,769	933,088
Change from Previous Year (%)		-26.6	-11.3	-9.4	-21.4	20.9	
Average annual Change (%)						-9.6	

Table 2. Total Expenditures for the NATO Contribution Program.

Source: Public Accounts of Canada

1.3.3 Issues and Questions

In accordance with the former Treasury Board Directive on the Evaluation Function (2009),²⁰ the evaluation addresses the five core issues related to relevance and performance. An evaluation matrix listing each of the evaluation questions, with associated indicators and data sources, is provided at [Annex D](#). The methodology used to gather evidence in support of the evaluation questions can be found at [Annex B](#).

²⁰ Treasury Board Secretariat, *Directive on the Evaluation Function*, April 1, 2009, retrieved July 4, 2016, <http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=15681§ion=text>.

2.0 Findings and Recommendations

2.1 Relevance—Continued Need

Is there a continuing and future need for the NATO Contribution Program?

This section examines whether there is a continued need for Canada to be a member of NATO. The findings in this section are based on program documents reviewed, results of a key informant interviews with senior program staff, outside experts, and industry representatives.

The following indicator was used to determine the continued need for the Program:

- Evidence of ongoing and future need for NATO Contribution Program activities

2.1.1 Evidence of ongoing and future need for NATO Contribution Program activities

Key Finding 1: NATO membership affords Canada with access to common military infrastructure and capabilities and an equal voice in high-level decisions within the Alliance. Evidence suggests that NATO is more relevant in the current threat climate compared to ten years ago.

Evidence of ongoing need for NATO contribution program activities

Canada is one of the original twelve members of NATO and has contributed to the Alliance both financially and militarily since signing of the treaty in 1949. Being part of NATO has contributed to national and common security under Article 5 of the Treaty. It also has provided Canada access to common military infrastructure and capabilities which Canada does not possess nationally. Further, these contributions have provided Canada with an equal voice in high-level decisions affecting Euro-Atlantic security and stability fostering defence diplomacy and international defence relations.²¹

Canada exists within a complex and mutable global environment that will continue to present very real security challenges in the coming decades; some of these challenges are known and some are not.²² The rapidly changing geopolitical environment in Europe and the Middle East and North Africa has reinforced the importance of cooperation in maintaining international security and stability.²³ Current security challenges ranges from Russian aggression against Ukraine to instability in the Middle East caused by the Islamic State of Iraq and Syria (ISIS).²⁴

²¹ Canada, Department of National Defence, *Departmental Performance Report 2012/13*.

²² Canada, Department of National Defence, Chief of Force Development, *The Future Security Environment: 2013-2040*, 2014.

²³ Canada, Department of National Defence, Departmental Performance Reports, 2014/15.

²⁴ Ibid.

An example of Canadian participation in NATO operations during the evaluation period as a result of Canada's membership in NATO is "Operation REASSURANCE", which started in April 2014 when NATO began to implement a series of military measures to reinforce NATO's collective defence in response to Russian aggression towards Ukraine. Canadian Armed Forces assets were offered in support of NATO assurance measures.

Evidence Future need for NATO contribution program activities

At NATO's Wales Summit in September 2014, Alliance leaders approved a new Readiness Action Plan to ensure the Alliance is ready to respond swiftly and firmly to emerging security challenges.²⁵ As part of the plan, NATO has increased its presence particularly along NATO's eastern periphery, Baltic Sea, Black Sea and the Mediterranean. During the July 2016 Warsaw Summit, the NATO Deputy Secretary General commented on "the nature of the new security environment" and underlined that "partnerships are a necessity, not a luxury." At the Warsaw Summit, Canada worked closely with its Allies to adapt NATO's strategy to address the evolving security concerns around the world – including Russia's interference in Ukraine, and the arc of instability across the Middle East and North Africa.²⁶

In the meantime, the new Defence Policy is expected to include Canada's commitment to NATO.

2.2 Relevance—Alignment with Federal Roles and Responsibilities

Is the NATO Contribution Program consistent with the roles and responsibilities of the federal government and DND/CAF?

This section examines the extent to which the NATO Contribution Program aligns with departmental and federal roles and responsibilities. The findings in this section are based on documents reviewed and key informant interviews, including senior program staff.

The following indicators were used to determine the extent of alignment:

- Alignment of the NATO Contribution Program with government acts and legislation; and
- Extent of duplication of NATO Contribution Program activities that are the responsibility of other government departments, agencies, or private sector (role of GAC in comparison to DND/CAF)

²⁵ Strategic Joint Staff Briefing, May 2016.

²⁶ Canada, Prime Minister of Canada, *Prime Minister Attends NATO summit in Warsaw*, July 9, 2016.

<http://pm.gc.ca/eng/news/2016/07/09/prime-minister-attends-nato-summit-warsaw>.

Key Finding 2: The NATO Contribution Program aligns with federal roles and responsibilities; it operates within the framework of the North Atlantic Treaty (Washington Treaty, 1949) and the National Defence Act. During the July 2016 NATO summit; Canada renewed its past and future commitments, indicating that Canada will continue to be a committed member within the Alliance.

Key Finding 3: The management of the NATO Contribution Program is part of an integrated approach undertaken by individuals from both DND/CAF and the GAC. Although DND/CAF works with GAC in the management of the NATO Contribution Program, the evaluation found no evidence of duplication of roles.

This Program operates within the framework of the North Atlantic Treaty (Washington Treaty, 1949) and the *National Defence Act*.²⁷ The political and military alliance is designed to promote the stability of the North Atlantic area and to safeguard the freedom of its peoples, based on the principles of democracy, individual liberty and the rule of law. Canada has been a member of NATO since its foundation.

One of the roles that has been assigned to the CAF to support the Government's broader national security and foreign policy objectives is to contribute to international peace and security by making meaningful contributions to expeditionary operations. This responsibility was also present from 2005 to 2010, as discussed in the previous evaluation (2011). DND/CAF fulfills the Government of Canada's mission to defend Canadian interests and values and to contribute to peace and security as per the Defence Policy, which includes programs and projects to meet the Country's national and international commitments. Accordingly, three enduring objectives stand out; the CAF must deliver excellence at home, be a strong and reliable partner in the defence of North America, and be capable of projecting leadership abroad by making, when required, meaningful contributions to military operations overseas.²⁸

During the July 2016 NATO summit in Warsaw-Poland, the Prime Minister of Canada renewed Canada's past and future commitments, indicating that Canada will continue to play an important role within the Alliance:

²⁷ *National Defence Act*, R.S., Special Force, 1985, c. N-5, s. 16; R.S., 1985, c. 31 (1st Supp.), s. 60; 2004, c. 15, s. 75.

²⁸ Government of Canada, *Canada First Defence Strategy*, Ottawa, 2008.

“Canada has been a committed member of NATO since the Alliance was founded almost 70 years ago, and all Canadians are safer for it. In Warsaw – together with our Allies and partners – we took important steps that will promote international peace and security, and help us to better respond to today’s complex security challenges. Canada’s key contributions to NATO, including our decision to establish an enhanced forward presence in Central and Eastern Europe, will reinforce our collective defence and support regional stability.”

– Rt. Hon. Justin Trudeau, Prime Minister of Canada

During the NATO Warsaw summit in July 2016, the Prime Minister announced that Canada would become a framework nation for a multinational battle group in Latvia, with Germany, the US and the UK take leading roles in Lithuania, Poland and Estonia.²⁹ According to program staff and experts consulted, being a framework nation provides Canada a visible and influential position within NATO – with Canada being among other key contributors to within NATO.

The management of the NATO Contribution Program is part of an integrated approach undertaken by individuals from both the DND/CAF and GAC. Although the DND/CAF works with GAC in the management of the NATO Contribution Program, the evaluation found no evidence of duplication of roles. In the Government of Canada, DND/CAF is responsible for all defence-related issues and the involvement of military personnel,³⁰ while the GAC is responsible for international affairs. According to the documents consulted, the increasing complexity and horizontal nature of defence policy and military diplomacy requires cooperation and coordination among government departments, external leaders and international partners.

2.3 Relevance—Alignment with Government Priorities

This section examines whether the objectives of Canada’s contribution to NATO are consistent with the Department of National Defence strategic objectives, federal government priorities, and NATO strategic objectives. The following indicators were used to assess the alignment:

- Alignment between NATO Contribution Program activities and federal government priorities;
- Alignment between NATO Contribution Program activities and DND/CAF priorities; and
- Alignment of NATO non-core activities with NATO's overall strategic objectives

²⁹ Canada will be sending up to 450 personnel including a small battlegroup headquarters element, a mechanized infantry company, combat service support, vehicles and equipment to Latvia in support of the NATO presence on the Alliance’s eastern flank. Furthermore, Canada will send up to six CF-18s as well as a Halifax-class frigate on a persistent rotational basis to Europe, for the purpose of patrolling allied airspace and waters. This deployment to Europe will be Canada’s largest in over a decade.

³⁰ Canada, Department of Justice, *National Defence Act* (R.S.C. 1985, c. N-5), retrieved July 21, 2016, <http://laws-lois.justice.gc.ca/eng/acts/N-5/index.html>.

2.3.1 Alignment between NATO Contribution Program activities and federal government priorities

Key Finding 4: The NATO Contribution Program aligns with federal government priorities and supports DND/CAF's strategic interests as identified in the Global Engagement Strategy. The membership responds to the need to maintain a "network of defence partners" which allows DND/CAF opportunities for networking, information sharing, and increased interoperability.

In the 2016 Budget, the federal government committed to "providing greater security for Canadians" and "contributing to the security of our allies and to coalition operations abroad." Canada's contribution to NATO ensures continued membership in the alliance, providing collective security to Canada and the ability to participate in NATO operations and exercises. The 2015 Budget commitment emphasised the priority requirement to stand with "NATO allies and other partners [to] continue to reinforce collective defence and demonstrate solidarity in Eastern Europe." One of the top priorities in the Minister of National Defence's Mandate Letter is to "Maintain Canada's strong commitment [...] to NATO."³¹ The previous evaluation (2011) reported that the NATO Contribution Program aligned with previous government priorities.

The DND/CAF Global Engagement Strategy outlines broad priorities of the federal government, including Canadian sovereignty and international security. "Canada's NATO treaty commitment to collective defence, established in Article 5 of the Washington Treaty"³² and affirmation through continued contributions to NATO ensure both of these federal priorities are met. Canada's continued prosperity³³ is another federal priority which is indirectly supported through the NATO Contribution Program, as involvement in NATO allows Canadian industry access to NATO contracts. The federal government has the opportunity to "help[...] promote defence and security exports" by engaging with NATO in ways that benefit Canadian businesses.

Currently the federal government priority for NATO is to ensure that the Alliance remains modern, flexible and agile and thus able to face the threats of today and those arising in the future. This goal drives all of Canada's efforts on NATO transformation, reform and partnerships with non-NATO countries.³⁴

³¹ Office of the Prime Minister. Minister of National Defence Mandate Letter. Accessed on August 25, 2016. <http://pm.gc.ca/eng/minister-national-defence-mandate-letter>.

³² Canada. Department of National Defence and the Canadian Armed Forces. Global Engagement Strategy: Strategic Guidance. April 2015. <http://strategic.mil.ca/dgplans/Resources/Global%20Engagement/GESStrategicGuidance.Mar2015.pdf>.

³³ Global Engagement Strategy.

³⁴ Canada, Global Affairs Canada, *Canada in NATO*, retrieved July 20, 2016. <http://www.international.gc.ca/nato-otan/index.aspx?lang=eng>.

2.3.2 Alignment between NATO Contribution Program activities and DND/CAF priorities

The NATO Contribution Program aligns with the DND/CAF priority “Ensuring Sustainable Operational Excellence both at Home and Abroad for the Defence of Canada and the Protection of Canadians.” The participation in a number of NATO operations and missions through Operation (OP) ATTENTION, OP MOBILE, and others, were enabled by Canada’s NATO membership and align with the priority of operational excellence. Membership in NATO allows Canada to “represent [...] Canadian interests in: defence policies and plans; military standards and doctrine, and best practices; fostering defence diplomacy and international defence relations; and providing Defence capabilities for ongoing operations.”³⁵ Canada’s presence in NATO committees ensures that Canadian values and interests are expressed within this international organization, enabling sustainable operational excellence to be promoted abroad. The “progression of defence relations and opportunities to leverage capability development initiatives”³⁶ is another outcome of NATO membership that fulfills the DND priority of ensuring operational excellence. NATO membership “is an important practice required to enhance our ability to respond outside of North America.”³⁷

CAF participation in NATO training activities and exercises under Operation (OP) REASSURANCE supports the DND priority of “Maintaining Required CAF Posture and Defence Readiness.”³⁸ Participating in interoperability training exercises with allies allows “force elements [to] attain abilities to deliver a broader range of military effects during defence operations.”³⁹

The NATO Contribution Program supports DND/CAF’s strategic interests as identified in the Global Engagement Strategy. The need to maintain a “network of defence partners” is fulfilled through NATO membership which allows DND/CAF opportunities for networking, information sharing, and increased interoperability. “Mobility and reach” needs are met through the use of NATO’s overseas infrastructure. “Access to advanced capabilities” is met through DND/CAF’s involvement in NATO centres of excellence and testing facilities.⁴⁰

2.3.3 Alignment of NATO non-core activities with NATO's overall strategic objectives

The NATO Strategic Concept identifies the three essential core tasks of NATO - collective defence, crisis management, and cooperative security⁴¹ - and guides NATO’s “future political and military development.”⁴² The Strategic Concept continues to be a key document to the

³⁵ Canada, Department of National Defence, Reports on Plans and Priorities 2015/16.

³⁶ Canada, Department of National Defence, Reports on Plans and Priorities 2015/16.

³⁷ Canada, Department of National Defence, Departmental Performance Report 2012/13.

³⁸ Canada, Department of National Defence, Report on Plans and Priorities 2015/16.

³⁹ Canada, Department of National Defence, Departmental Performance Report 2014/15.

⁴⁰ Canada, Department of National Defence and Canadian Armed Forces, Global Engagement Strategy.

⁴¹ NATO, *Active Engagement, Modern Defence: Strategic Concept for the Defence and Security of the Members of the North Atlantic Treaty Organization*, 2010, retrieved July 22, 2016,

http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_publications/20120214_strategic-concept-2010-eng.pdf.

⁴² NATO, *Strategic Concept*, last updated November 11, 2014, retrieved July 25, 2016.

http://www.nato.int/cps/en/natohq/topics_56626.htm.

Alliance as it is referenced in the Warsaw Summit Communiqué in 2016.⁴³ A number of the activities that Canada contributes to through the NATO Contribution Program support the core task of collective defence. The non-core activities promote readiness and interoperability among NATO members, enhancing their ability to respond to defence needs under collective security. These activities meet the strategic objective of collective defence through the development of expertise, testing of capabilities, and sharing of information which allows NATO members to be ready and interoperable should Article 5 be invoked.⁴⁴ For example, Canada's contributions to the NATO Rapid Deployable Corps, Multinational Corps- Northeast, and Multinational Division Southeast support the NATO strategic objective of crisis management by enabling NATO to respond to crises in a timely manner.

Canada also contributes to and participates in the NATO-Russia Council which is directly aligned with the core task of cooperative security. The Council enables an Ambassador-level dialogue between Russia and NATO on critical security issues. The Council "is of strategic importance [to NATO] as it contributes to creating a common space of peace, stability and security".⁴⁵ In addition, the Munitions Safety Information Analysis Centre engages non-NATO allies by welcoming Australia as a member.

Recommendation

See recommendation 3.

2.4 Performance—Achievement of Expected Outcomes (Effectiveness)

This section evaluates the achievement of the NATO Contribution Program's expected outcomes, with a focus on the following immediate outcomes: (1) Increased Standardization across NATO countries (2) Increased networking and relationship building (3) Access to strategic information and military capability (4) Support to deployed operations and missions (5) NATO Contribution Program is well managed.

Intermediate outcomes are considered in this evaluation insofar as they support the assessment of Canada's contribution to NATO in enhancing Canadian defence capabilities, international relations, interoperability and Canada's demonstrated leadership in NATO as well as DND/CAF's support to Canadian industry doing business with NATO.

The evaluation study applied key performance indicators against each outcome. Findings are based on program data and documentation, including departmental documents, interviews with

⁴³ NATO. Warsaw Summit Communiqué. July 9, 2016. Accessed August 5, 2016.

http://www.nato.int/cps/en/natohq/official_texts_133169.htm.

⁴⁴ Article 5 in the Washington Treaty is the foundation of collective defence. "The Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all and consequently they agree that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defence recognised by Article 51 of the Charter of the United Nations, will assist the Party or Parties so attacked by taking forthwith, individually and in concert with the other Parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area."

http://www.nato.int/cps/en/natolive/official_texts_17120.htm.

⁴⁵ NATO. *Strategic Concept*. 2010.

key staff, external interviews including industry representatives and country comparisons (benchmarking).

2.4.1 Immediate Outcome – 1 Increased standardization across NATO countries

To what extent has the NATO Contribution Program contributed to increased standardization across NATO countries?

The evaluation used the following indicators to make this determination:

- Extent that Canada meets NATO standards/comparison to other NATO countries
- Stakeholder satisfaction with use of STANAGs
- Extent of Canada’s participation in the development of NATO Standards

2.4.1.1 Extent that Canada meets NATO Standards/ Comparison to other NATO members

Key Finding 5: NATO Standardization was described as one of the main benefits of NATO membership. Canada ranks as 7th among 28 NATO countries in the implementation of the NATO Standards.

Key Finding 6: DND/CAF has taken an active role in the development of NATO Standards. However, efforts in the implementation of Standards at the working level could be increased.

NATO Standardization⁴⁶ provides DND/CAF with doctrine, techniques, and procedures to operate effectively with other NATO nations, while optimizing the use of resources. Program staff and experts commented that NATO standards have enabled CAF to leverage capabilities through NATO – Canada has been able to be involved in any NATO mission and know that it will be interoperable. In this regard, one expert described NATO Standardization as one of the most beneficial returns on NATO membership, even though challenges still exist in committing to all standardization demands.

At the Warsaw Summit in July 2016, all Allied Heads of State/Government reaffirmed the importance of NATO standardization and interoperability, and their commitment to both. During the Summit, the allied nations were urged to ensure forces are deployable, sustainable, and interoperable.

⁴⁶ The Military Standardization Agency (MSA) was established in 1951 to address standardization issues in NATO. The Committee for Standardization is the senior policy committee responsible for standardization policy and management within the Alliance. Operating under the authority of the North Atlantic Council, it issues policy and guidance for all NATO standardization activities.

Program staff and experts consulted also agreed that emanating from its presence in NATO, Canada has been one of the leading countries in the development of Standardization Agreements (STANAGs).⁴⁷ However, more could be done in regards to implementation of Standards. According to NATO's March 2016 Implementation Report, Canada has implemented 26.35 percent of NATO Standards; this ranks Canada 7th among 28 allies⁴⁸. In comparison, Germany, Czech Republic and Romania exceed 40 percent implementation rate.

The evaluation sought opinions of the military members of the Canadian delegation, who work at the NATO Standardization Boards. Based on the information received, Canada should dedicate more time and effort at the standards working group level in order to improve NATO standardization implementation levels and ultimately interoperability. It was mentioned that while some nations have a dedicated section for NATO standards and interoperability, DND/CAF has treated it as a lower priority (although at certain times of the year standardization activities consume the majority of time). That is, the current level of engagement is the minimum that can be afforded by the CAF, while still claiming to be supporting interoperability. Going forward, it was suggested that efforts could be increased in this area.

2.4.1.2 Stakeholder satisfaction with use of NATO STANAGs

During interviews, senior CJOC staff underlined that implementation of NATO STANAGs are critical to operations. Summary of these points are as follows: (1) NATO STANAGs not only address technical compatibility but also legislative compatibility with other NATO nations, such as transportation of dangerous goods, which are ultimately based on STANAGs. (2) In terms of capability integration and technology STANAGs are important; often many STANAGs are involved in one project or piece of equipment; (4) STANAGs can make planning streamlined and simplified; all NATO countries rely on STANAGS for planning operations and exercises.

As users of most STANAGs, the CJOC senior staff interviewed also pointed to some of the challenges experienced with development and implementation of STANAGs in general. These are: (1) the consensus model that makes the STANAG development process very lengthy (2) technological advances that makes updating STANAGs difficult. In some instances, allied countries procure items before a standard is developed; subsequently STANAGs are developed based on the capability that countries already have (3) the ability for countries to acquire technology can differ depending on economics of a nation; different capabilities can exist in different nations. A STANAG has to be able to address different levels of technology. For example, inventory tagging, in which the US is very advanced while some countries use regular bar codes.

Implementation of NATO Standards and its effects on interoperability will further be discussed in section, "Intermediate outcome 2 NATO Contribution Program activities improve interoperability with NATO countries.

⁴⁷ A STANAG is a NATO standardization document that specifies the agreement of member nations to implement a standard.

⁴⁸ Email to ADM(RS) from B NATO, August 31, 2016.

2.4.1.3 Extent of Canada’s participation in the development of NATO Standards

Canada is represented by a senior officer at all NATO Military Committee Standardization Boards.⁴⁹ These boards meet twice annually to approve key recommendations concerning doctrine implementation and development of Standards. Canada sends Subject Matter Experts to Working Group-level meetings, where NATO Standards are developed, often taking a leadership role. Likewise, Canada provides senior representation to the Committee for Standardization.

Notable examples of Canada’s contribution to the development of NATO Standards have been the revision of STANAG 4569, which is on armored vehicle protection against ballistic mines; improvised explosive devices and rockets threats and the related test methodologies. Both examples are pillars for all armored vehicle project requirements and specifications.

ADM(RS) Recommendation

1. Review and actively implement NATO STANAGs, where appropriate.

OPI: Comd CA, Comd RCN, Comd RCAF

OCI: CANMILREP

2.4.2 Immediate Outcome – 2 Core and non-core activities contribute to increased, relationship building and networking

To what extent has the NATO Contribution Program core and non-core activities contribute to increased relationship building and networking?

The evaluation used the following indicators to make this determination:

- Extent of effectiveness of networking activities
 - Evidence that Canada has a large and effective network based on its participation in NATO/Canada’s profile is raised; and
 - Degree of impact of Canada’s withdrawal from the NATO Airborne Warning and Control and Air Ground Surveillance.

Key Finding 7: According to Allied nation’s representatives and based on the activities of BNATO, Canadian delegation’s active participation in NATO’s resource committees, particularly in the implementation of best practices, such as accountability and transparency have been significant.

2.4.2.1 Evidence that Canada has a large and effective network based on its participation in NATO/Canada’s profile is raised

⁴⁹ Information received from the representatives of the Standardization Boards, Joint Delegation of Canada to NATO.

Based on interviews conducted with the chairmen of two NATO committees⁵⁰ and documents reviewed, Canadian representatives have been active and outspoken participants within the NATO resource community and their participation has been above average. Through formal and informal meetings, Canadians have been active in bringing solutions and have excelled in being a leader in promoting good management practices within NATO committees and working groups, in the areas of accountability, transparency, and efficient use of NATO resources. The Canadian delegation's role in the implementation of the NATO reforms has been significant. This was in line with one of the recommendations of the previous ADM(RS) evaluation of the NATO Contribution Program (2011), which called for a follow up on the implementation of the NATO reforms and in the resulting changes to the NATO governance, funding and review mechanisms.

NATO's recent reforms mainly aimed at enhancing transparency and accountability of financial reporting in NATO. The Canadian delegation in Brussels has played a significant leadership role prior to and during the implementation process of recent NATO reforms. Their contribution to these reforms has mainly been in the following areas (1) review /update of the NATO financial regulations approved in February 2016 – this was the first review of NATO financial regulations in 30 years; (2) publishing of select IBAN audit reports on the NATO Internet website; (3) additional funding request to improve accountability issues; and (4) implementation of the Head of Financial Resources role in 2013. The Canadian delegation to Brussels-NATO (BNATO) is now engaged in advocating for a Chief Financial Officer (also referred to as a Senior Strategic Financial Advisor) role at the Resource Policy and Planning Board (senior advisory body to the North Atlantic Council on the management of all NATO resources⁵¹). The delegation is convinced that the Chief Financial Officer role will enhance accountability throughout the organization, strengthen the role of Financial Controllers, and implement improvements, such as common-funding resource planning process. However, it was also mentioned that there was some push back on consolidation and it is believed that this type of position would have to be accountable, not just a reporting position. Otherwise, it would be too difficult and expensive to implement. This concept was developed alongside France in a “non-paper.”

In addition, Canada has nominated an assistant auditor general from the Office of the Auditor General of Canada, to be an IBAN Board member for a period of 4 years ending summer 2018. This nomination was accepted by the North Atlantic Council and the individual was subsequently elected by the other Board members as the Chairperson of the Board. The IBAN has been instrumental in identifying the transparency and accountability issues and publishing of IBAN reports

It was underlined that networking activities have been particularly important in operations, procurement and/or technology development related activities. It was noted that several Level Ones including ADM(Mat), ADM(Information Management) attend conferences and/or high-level meetings. Canada will be hosting the NATO Communications Information Agency (NCIA)

⁵⁰ Interviews were conducted with the chairman of the NATO Investment Committee and the Budget Committee.

⁵¹ NATO. Topic: Resource Policy and Planning Board. Last updated April 7, 2016. Accessed on January 19, 2017.

http://www.nato.int/cps/en/natohq/topics_67653.htm.

conference in April 2017. The physical proximity of Allies' delegations at NATO headquarters makes networking opportunities and information very accessible.

In comparison to some European countries such as France, Canada has a small delegation team in a number of areas including industry relations. It was mentioned that France has been the lead in procurement with a team of approximately five people appointed to industry relations, while Canada has only one.

Some senior level interviewees indicated that a larger military and/or civilian Canadian delegation would improve ability to process information and find out about upcoming opportunities. (This issue will further be discussed in Intermediate Outcome 2 - Extent of NATO Contribution Program activities demonstrate Canada's commitment to NATO).

2.4.2.2 Degree of impact of Canada's withdrawal from the NAEW&C and AGS

Key Finding 8: The DND/CAF withdrew from NATO's NAEW&C and AGS acquisition group in 2013.

Since 2013, Canada no longer contributes to the operating and support costs for the NAEW&C capability—Canada contributed to this program since its inception in 1978—nor to the modernization program. The withdrawal decision from the NAEW&C modernization, operations, and support programs was the result of a weighing of priorities. The NAEW&C fleet had only been deployed twice in North America (post-9/11 and briefly after Hurricane Katrina).⁵² In addition, it is believed that withdrawing from the program was intended to avoid significant future costs and shift personnel to higher priority areas for Canada.

Similarly Canada withdrew from the AGS capital acquisition project in 2013. Canada signed on to the program in 2009 along with 14 other participating countries and contributed around \$36 million annually to support the capital acquisition of five unmanned aerial vehicles and the associated costs for operations and support as well as \$12 million per year for deployed personnel. DND/CAF currently contributes to the operation, support, and infrastructure costs of the AGS program through the Military Budget and NSIP and has committed to deploy 6 CAF personnel to the NATO unit which will operate the AGS system.

A number of conditions applied to Canada's withdrawal from the NAEW&C program. Accordingly, Canada had to pay costs associated with pre-existing liabilities. In addition, in order to mitigate effects of withdrawal Canada offered to contribute an additional \$5.7 million for the upgrade project and agreed to CAF personnel being withdrawn in a phased approach over three years rather than immediately, at a cost of \$20-30 million. The withdrawal date for the last CAF member assigned to NAEW&C was August 2014. Canada no longer contributes to the

⁵² Canada, House of Commons, Standing Committee on National Defence, NATO's Strategic Concept and Canada's Role in International Defence Cooperation, December 2013, <http://www.parl.gc.ca/content/hoc/committee/412/nddn/reports/rp6313596/nddnrp01/nddnrp01-e.pdf>.

NAEW&C program other than a one-time contribution to support the NAEW&C's activities related to the Readiness Action Plan.

Stakeholders reported that the Department will not make any decision on re-joining to NAEW&C program until after the completion of the Defence Policy Review.

2.4.3 Immediate Outcome 3 – DND/CAF gains access to equipment, capabilities, strategic information and infrastructure as a result of the NATO Contribution Program

To what extent did the DND/CAF gain access to equipment, capabilities, and strategic information as a result of the NATO Contribution Program?

The following indicators were used to make this determination:

- Examples of equipment and capabilities available to DND/CAF over the last five years as a result of the Contribution Program; and
- Examples of strategic information shared and received through NATO activities.

2.4.3.1 Evidence that NATO activities allow DND/CAF access to equipment and capabilities otherwise unavailable to them

Key Finding 9: DND/CAF's contributions to NATO provide access to a number of unique capabilities through both core and non-core activities that enable interoperability and enhance the testing of existing national capabilities.

DND/CAF's financial contributions to NATO allow the Department access to a variety of capabilities for use in NATO related exercises and operations. Contributions to the core programs, Military Budget and NSIP have led to the procurement and operation of the NATO Air Command and Control System (ACCS), NAEW&C, and AGS capabilities.

DND/CAF has the opportunity to participate in new Smart Defence initiatives through NATO membership. Smart Defence initiatives are intended to bring together NATO members to build capabilities through the pooling and sharing of resources, as well as the alignment of national and NATO requirements.⁵³ DND/CAF has expressed interest in participating in 29 of 129 Smart Defence projects, and is leading one (Jet Aircraft Upgrade to Universal Armaments Interface Compliant). DND/CAF has focused on participating on the Smart Defence projects that improve NATO's deployability and interoperability.

⁵³ NATO, NATO Multimedia Library, *Smart Defence*, retrieved October 20, 2016, <http://www.natolibguides.info/smartdefence>.

ACCS was most recently used in June 2015 for an air policing event, controlled from Italy.⁵⁴ ACCS is an integrated and automated command and control system which “implements six major operational functionalities: management of forces, airspace and Command and Control resources, air surveillance, and the control of air missions and air traffic.”⁵⁵ As the capability develops, the common funded ACCS will be available to DND/CAF for use in NATO peace time and crisis operations.

Although DND/CAF no longer contributes to NAEW&C, the CAF has continued to receive data from the capability and indirectly benefits when it is used in operations and exercises. When DND/CAF was a contributing member to NAEW&C, the capability was deployed in a number of operations including Op ACTIVE ENDEAVOR⁵⁶ which the CAF participated in periodically.⁵⁷ NAEW&C continues to provide Op ACTIVE ENDEAVOR participants with ship movement information in the Mediterranean.⁵⁸ Moreover, NAEW&C was deployed during Operation Unified Protector, providing command and control of air assets operating over Libya and providing surveillance capability to the maritime arms embargo.⁵⁹

Joint Intelligence, Surveillance, and Reconnaissance (JISR) is another capability available to DND/CAF through NATO; the capability consists of “surveillance and reconnaissance training opportunities, qualified personnel, and highly advanced secure communications to easily share intelligence, surveillance and reconnaissance material.”⁶⁰ This capability was used in the CAF exercise JOINTEX 2015, which was integrated into NATO’s Trident Juncture exercise.⁶¹ Canada has played a large part in the development of NATO’s JISR capability as a member of multinational effort of nine allies to develop a “single integrated library of ISR products and data sharing across the different networks being used” which improves NATO’s ability to find information.⁶²

Non-core NATO activities such as FORACS and SWG EW for Air and Sea provide NATO and Canada with unique capabilities. FORACS is composed of three ranges for testing Navy sensor accuracy of ships and submarines. It was noted by an interviewee that the CAF plans to test each of their ships at FORACS facilities before deploying them on operations; there are currently

⁵⁴ NATO, *NATO Air Command and Control System*, September 24, 2015, retrieved August 26, 2016, http://www.nato.int/cps/en/natohq/topics_8203.htm.

⁵⁵ NATO, NATO Communication and Information Agency, *The Air Command and Control Process*, retrieved August 26, 2016, <https://www.ncia.nato.int/Our-Work/Pages/Airc2/Concept--Capabilities.aspx>.

⁵⁶ NATO, *Secretary General’s Annual Report 2015*, retrieved August 30, 2016, http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2016_01/20160128_SG_AnnualReport_2015_en.pdf.

⁵⁷ Canada, Department of National Defence and Canadian Armed Forces, *Operation METRIC*, retrieved September 12, 2016, <http://www.forces.gc.ca/en/operations-abroad-recurring/op-metric.page>.

⁵⁸ NATO, NATO Airborne Early Warning and Control Force E-3A Component, *Operation Active Endeavour - December 2009 – ongoing*, retrieved September 12, 2016, http://www.e3a.nato.int/eng/html/organizations/med_sea.htm.

⁵⁹ NATO, AWACS: NATO’s “Eye in the sky”, July 4, 2016, retrieved October 21, 2016, http://www.nato.int/cps/en/natohq/topics_48904.htm.

⁶⁰ NATO, *Secretary General’s Annual Report 2015*, retrieved August 30, 2016, http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2016_01/20160128_SG_AnnualReport_2015_en.pdf.

⁶¹ NATO, *Secretary General’s Annual Report 2015*, retrieved August 30, 2016, http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2016_01/20160128_SG_AnnualReport_2015_en.pdf.

⁶² NATO, *Secretary General’s Annual Report 2015*, retrieved August 30, 2016, http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2016_01/20160128_SG_AnnualReport_2015_en.pdf.

three ships scheduled for testing in 2017 and another three scheduled for 2018. The interviewee also explained that FORACS test sites have unique capabilities that other NATO members have decided not to duplicate. SWG EW for Air and Sea provides capabilities and the opportunity to test and trial electronic warfare capabilities along with other NATO members. Data produced through these trials are analyzed and used by the CAF, including Defence Research Development Canada, to protect against new threats. The RCAF and RCN participate in these trials multiple times a year. In interviews, it was noted that while the Sea SWG EW trials had some overlap with five eyes activities, it also provided some unique opportunities for the CAF. The Air SWG EW trials were said to complement and not reproduce national activities in this area. Unfortunately, Canada has invited but not hosted any trials since it was too expensive for other countries to bring their equipment to Canada.

DND/CAF's contributions to the NIFC allow the CAF to place five personnel within the organization to contribute to the development and dissemination of intelligence. Intelligence produced through the NIFC supports operations conducted by Allied Command Operations which the DND/CAF are involved in. Membership in the SHQ also provides the DND/CAF an opportunity to be involved in the development of NATO intelligence policy and provides CAF members with training and exposure to a unique environment not available through any other organization. The experience and expertise gained, as well as the outputs of both SHQ and NIFC benefit the CAF in both national and NATO operations.

Through the NSPA program, Canada procured key services, called Real Life Support, to support NATO involvement in Afghanistan. The services were described by an interviewee as "highly advantageous" due to the resulting cost-savings and ease of management. Real Life Services provided NATO nations participating in the Afghan mission with food services, laundry, waste disposal, among other services.

2.4.3.2 Evidence that DND/CAF benefits from and uses strategic information generated from NATO activities

Key Finding 10: Membership in NATO allows DND/CAF to access strategic information developed through various NATO activities, which enables DND/CAF to save resources, maintain expertise in unique subject areas, and access data to build national capabilities.

Through membership in core and non-core NATO activities, DND has access to strategic information that is beneficial to many areas of the DND/CAF. Examples based on information received from interviews with program staff and document reviews are as follows: (1) Continued contributions to the AGS operations and support budget (as a part of the Military Budget) allowed DND/CAF to access information about the continued development of this capability. This information was used by DND/CAF in the development of the Joint Unmanned Surveillance and Target Acquisition System capability; (2) Membership in the Petroleum Committee (enabled through contributions to both the Military Budget and NSIP) has provided DND/CAF with information related to fuel testing. A program representative explained that other member nations would often share the results of their fuel testing at this committee. Having

access to this information eliminated the need for DND/CAF to run these tests; (3) Responses to questions submitted by DND/CAF and all members of MSIAC about insensitive munitions, the reduction and eliminations of risk of munitions to personnel and material from explosive incidents, and related subjects are available to the DND/CAF through membership in the activity; (4) The Canadian Forces Warfare Centre is a large user of NATO information; the use of NATO doctrine was noted as being particularly useful to the Centre to fill in gaps in DND/CAF doctrine; and (5) The Combined Joint Operations from the Sea (CJOS) COE develops concepts, experimentations, doctrine, and standards and publishes the results. Examples of CJOS studies include maritime cyber security: this study will benefit NATO nations by looking at how to protect shipping from cyber-attack, a guide on humanitarian assistance, maritime operations in support of United Nations operations, and operations in urban areas— experimentation and modelling.

While involvement in the SHQ not only provides the DND/CAF with access to the intelligence capability of NATO, strategic information about how other organizations do intelligence is also gained. Interview subjects noted that the CAF is able to take lessons learned from the SHQ and apply them to CAF operations.

2.4.4 Immediate Outcome 4 – Support to deployed operations and missions

To what extent do NATO activities contribute to readiness for deployed operations and missions?

The following indicators were used to make this determination:

- DND/CAF participation in operations through NATO membership; and
- Number of exercises participated in through NATO membership.

2.4.4.1 Operations and exercises enabled as a result of NATO Contribution Program activities

Key Finding 11: During the evaluation period, the CAF has participated in a number of NATO operations and exercises. In 2011, a CAF member became in charge of the Combined Joint Task Force Unified Protector.

Operations

Operation Attention ran from 2011 to 2014 and involved the Canadian contingent to the NATO Training Mission in Afghanistan. Through this Operation, the CAF delivered training and professional development support to the national security forces of Afghanistan as the second largest contingent. The Operation and the entirety of the CAF’s involvement in the NATO mission in Afghanistan allowed Canada to have influence in the region with the support of NATO allies. Participating in the training mission also led to a seat at the table for NATO’s high-

level decisions regarding Afghanistan.⁶³ Operation Unified Protector was both an important contribution to NATO and an important outcome of Canada's involvement in NATO over this evaluation period. The Operation was in response to the uprisings in Libya.⁶⁴ In March 2011, Lieutenant-General Charles Bouchard, a CAF member, became the overall commander of the Combined Joint Task Force Unified Protector. Royal Canadian Navy ships, Royal Canadian Air Force aircraft, and a total of 655 CAF members were deployed in relation to Canada's involvement in response to Libya. Canada's participation in Operation Unified Protector demonstrated Canada's commitment to its allies and NATO,⁶⁵ while also giving Canada an opportunity to demonstrate leadership within the Alliance.

The CAF also participated in Operation Ocean Shield, a maritime anti-piracy operation, and Active Endeavor, a maritime anti-terrorism operation.

The external experts interviewed were satisfied with the benefits that Canada has accrued from its past participation in NATO operations. Involvement in Libya and Afghanistan were described as being beneficial to Canada gaining influence within NATO by demonstrating commitment to the alliance. Many interview subjects discussed Canada's involvement in Latvia as a NATO framework nation as being very important to Canada's standing within NATO for the future. Coalition operations that take place as a result of NATO are an important force multiplier for the DND/CAF.

Exercises

NATO membership allows the CAF to participate in multinational exercises, which promote interoperability and readiness for future operations. In 2016, there are a total of 250 planned exercises, some run by NATO and others run by NATO members and open to participation by other members.⁶⁶ The CAF participated in a total of 12 of these exercises. Reasons for not participating in an exercise might include lack of resources (financial, personnel), timing of an exercise, not having the capability that is being used in the exercise, and not being invited to an exercise (such as a bilateral exercise). The CAF participated in Exercise Anakonda in Poland, which involved over 31,000 personnel from 23 countries. Canada's Land Task Force sent 170 soldiers in a variety of trades who participated in a number of training scenarios aimed to improve communication and interoperability among NATO members.⁶⁷ Exercise Anakonda falls under the CAF's Operation Reassurance, which encompasses the CAF's involvement in NATO exercises on land, sea, and air taking place as assurance and deterrence measures in Central and

⁶³ Spilka O'Keefe, Meghan and George Petrolekas, Canadian Defence Institute, *Canada and the NATO Training Mission in Afghanistan*, December 2012, retrieved October 21, 2016, https://www.cdainstitute.ca/images/cdai_ntma_21Dec2012.pdf.

⁶⁴ Canada, Department of National Defence and the Canadian Armed Forces, *Operation Mobile*, retrieved October 21, 2016, <http://www.forces.gc.ca/en/operations-abroad-past/op-mobile.page>.

⁶⁵ Katie Domansky; Rebecca Jensen; and Rachael Bryson, *Canada and the Libyan Coalition*, in *The Journal of Military and Strategic Studies*, Vol. 14 Issues 3 & 4, 2012.

⁶⁶ NATO, *Key NATO & Allied Exercises*, July 2016, retrieved October 21, 2016, http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2016_07/20160704_1607-factsheet_exercises_en.pdf.

⁶⁷ Capt Mark Ruban, "Canadian soldiers teach and learn from NATO allies during Exercise ANAKONDA", June 17, 2016, retrieved October 21, 2016, <http://www.forces.gc.ca/en/news/article.page?doc=canadian-soldiers-teach-and-learn-from-nato-allies-during-exercise-anakonda/ipjief5>.

Eastern Europe.⁶⁸ Other NATO exercises that the CAF participated in include: Dynamic Mongoose, an anti-submarine warfare exercise; Cold Response, an exercise to maintain and develop capabilities in a cold weather environment; and Citadel Javelin, an exercise with the France-led NATO Rapid Reaction Corps.⁶⁹ Canada also hosted a NATO exercise called Exercise Precise Response. Defence Research Development Canada Suffield hosted this exercise at Base Suffield in Alberta; 350 participants from 11 countries participated in the Chemical, Biological, Radiological, and Nuclear defence training.

There were some comments of dissatisfaction from DND/CAF personnel with the number of exercises participated in by the CAF; it was mentioned that the CAF has not had a large role in the development or leading of exercises as it has had in the past. Interview subjects also described NATO exercises as one of the many important benefits of NATO membership; these exercises are unique and there would not be similar multinational exercises without NATO's existence.

2.4.5 Immediate Outcome 5– NATO Contribution Program is Well Managed

Does the NATO Contribution Program have the right management/organizational/reporting structure?

The evaluation used the following indicators to make this determination:

- The NATO Contribution Program has the right management/organizational/reporting structure; a performance measurement system is in place;
 - Representation at NATO committees and DND Steering Committee,
 - Level of awareness on the resources and effects of the Contribution Program,
 - Effective knowledge transfer, and best practices mechanisms in place within DND/CAF, utilized and is accessible,
 - Level of effectiveness of the management and reporting structure, and
- Inclusion and promotion of Canadian industry in the NATO Contribution program.

2.4.5.1 The NATO Contribution Program has the right management/organizational/reporting structure

Key Finding 12: The DND/CAF management structure and reporting process for the NATO Contribution Program has improved since the last evaluation (2011). However, additional improvements, such as establishment of a single point of contact within DND/CAF for reporting would assist in effectively using program outputs and outcomes in program validation.

Key Finding 13: Information from core and non-core programs is not being effectively used within the DND/CAF to inform or to validate the comprehensive impact of the Program. This

⁶⁸ Canada, Department of National Defence and the Canadian Armed Forces, *Operation REASSURANCE*, retrieved November 2, 2016, <http://www.forces.gc.ca/en/operations-abroad/nato-ee.page>.

⁶⁹ Canada, Department of National Defence and the Canadian Armed Forces, *Military Exercises*, retrieved October 21, 2016, <http://dgpaapp.forces.gc.ca/en/exercises/index.html>.

issue has been raised in the previous evaluation report (2011). Further, the Contribution Program does not have a holistic performance measurement strategy; very few of the programs have started measuring program performance. However, these are not collated and reported.

Key Finding 14: In terms of knowledge management, the DND/CAF NATO Contribution Program does not formally solicit feedback from core and noncore program recipients. In some areas, information collected on program outputs and outcomes has not been well promoted or made easily accessible.

Within the DND/CAF, the NATO Contribution Program is primarily managed by ADM(Fin) as the expenditure authority and is supported by ADM(Pol), ADM(Mat) and SJS, who provide functional guidance, planning and policy oversight to the program.⁷⁰ In addition, other Level Ones such as, CFINTCOM, CJOC and the three Environments provide functional guidance to mainly the non-core programs. The Program is managed by a program manager within the ADM(Fin) and a Director General, who directly responds to queries regarding financial matters. ADM(Fin) has three additional staff in Brussels, NATO. BNATO handles financial matters and represent Canada in key NATO committees. The BNATO staff work in coordination with the program manager to provide comments, advice and input with regard to policy, programs, capability and resources. Staff from other Level Ones such as ADM(Mat), also participate in NATO committees and report financial matters to ADM(Fin) and BNATO.

Problems associated with the management of the program were cited in the previous ADM(RS) evaluation of the NATO Contribution Program (2011). A NATO Steering Committee was formed as a direct response to one of the recommendations of the previous evaluation.⁷¹ The aim of the Steering Committee has been to increase information sharing among DND/CAF Level One organizations, NATO Allied Command Transformation and Canada's Joint Delegation to NATO thereby facilitating coordination on issues and collaboration in the provision of strategic advice to senior management. The Committee meets on a bi-monthly basis to discuss DND/CAF's ongoing work at NATO and to identify upcoming issues and priorities.⁷² Based on interviews with program staff, bi-monthly Steering Committee meetings have enabled a better flow of information on current initiatives and have resulted in a more coherent engagement with NATO. However, it was observed that the Steering Committee meetings have been primarily geared towards updates and discussions on policy, planning and capability related issues. Issues

⁷⁰ "Management of the NATO Contribution program" refers to the management of the transfer payments to NATO and not the management of Canada's participation in NATO as a whole.

⁷¹ Canada, Department of National Defence, Chief Review Services, *Evaluation of the NATO Contribution Program*, 2011, retrieved August 31, 2016, <http://www.crs.forces.gc.ca/reports-rapports/2011/165P0924-eng.aspx#GFRM>.

⁷² Canada, Department of National Defence, Chief Review Services, *Evaluation of the NATO Contribution Program*, "Management Action Plan," 2011.

concerning the management of the NATO Contribution Program or financial updates are not discussed at every meeting. According to ADM(Pol) staff, including representatives from all program activities (in addition to Level One representatives) could create a cumbersome structure of reporting.

The evaluation observed that the management of the Program by DND/CAF has generally improved with the implementation of the Steering Committee and other recent reporting measures. Based on interviews with stakeholders, current management structure of the Program generally works well through coordinated efforts; however concerns were expressed in regards to the following reporting and other management issues:

- (1) Lack of a single point of contact within DND/CAF. There is evidence to support that lack of a centralized point of contact within DND/CAF demonstrates a need for a coordinating and strategic guidance unit for all NATO activities within the Department. In the absence of such entity, a couple of the non-core programs have established their own contacts within the DND/CAF through chain of command. As cited in the previous evaluation (2011), it appears that very few staff within the DND/CAF could make the distinction of which NATO activities were covered under the NATO Contribution Program and which were covered by other entities within DND/CAF. Some program staff interviewed was also unaware of a point of contact for funding change requests and/or program related issues. This evidence suggests that the management set-up could benefit from further improvements both at the Program Manager and the Steering Committee levels in order to oversee the NATO Contribution Program's core and non-core program activities.

- (2) Lack of effective knowledge management system in place and dissemination of program outputs. It was noted that the lack of knowledge transfer mechanisms within DND/CAF for the NATO Contribution program, particularly for the non-core programs prevent the distribution and /or storage of valuable documents, such as newly developed concepts, doctrines and updates from the Centres of Excellence Outputs of programs are published in silos and not being used to derive best practices. According to the MSIAC program representative, more could be done in regards to dissemination of information and need for more outreach. For example, MSIAC outputs with insensitive munitions could be put to greater use in CAF projects. There is some evidence, however, that knowledge transfer occurs in informal ways. Interviews with various stakeholders, including CJOC and ADM(Mat) explained that activities towards knowledge transfer happens regularly, such as presentations made at committees are brought back to the Department. However, to date there is no formal process in place. This suggests an increased risk that knowledge might be being inefficiently used and/or duplicated.

Going forward, opportunities could be investigated for knowledge management and/or communication systems for NATO related activities. For example, a SharePoint system might offer a communication mechanism for program outcomes. The SharePoint can be made available to all stakeholders involved, and be optimized to deliver program information, provide guidance on financial issues, publish program summaries, and share knowledge and best practices related to all NATO Contribution program activities.

- (3) Reporting requirements. Key elements of resource management are to maintain supervision and awareness of the program's activities. While most core and non-core program staff do liaise with the Program Manager's office within ADM(Fin), weaknesses in communication were identified concerning the non-core programs. Further, as cited in the previous evaluation and also evident during interviews, there is a general lack of awareness of the Program Manager position and the representatives of the core and non-core are not systematically reporting back to DND/CAF or receiving guidance from the Department. Formalized assessments (at least annually) should be conducted by the current Program Manager and discussed at the Steering Committee to determine whether or not Canada should continue participating in all current non-core programs and/or drop out of some of them.

It was noted that during the evaluation period regular feedback from program recipients and/or completed projects has not been formally sought to identify potential program improvements based on their experiences with the Contribution program. This led to a lack of systematic review of the program design or delivery beyond program renewal activities. In addition, consultations with program leads have only been conducted on ad-hoc basis during steering committee meetings, which were mostly held at strategic policy level.

- (4) Performance measurement. Based on interviews, some project leads reported that very few of the programs have started using performance measurement indicators. They do not include details on results, participant feedback, optimal use of equipment etc. This could be hindered by a lack of Performance Measurement Strategy.

The evaluation examined the management structures of other NATO countries. ADM(Fin)'s BNATO staff and NATO committee chairmen interviewed pointed out that similar to Canada, 95 percent of the countries' NATO structures are decentralized. The Civil and Military Budget contributions are administered by two separate government departments: Defence and Foreign Affairs. The financial and policy sides are also separately managed. However, some nations have additional personnel and/or bigger defence headquarters compared to Canada. For example, the US and Germany have similar structures to Canada but additional personnel and larger headquarters.

Going forward, despite its decentralized structure the management of the NATO Contribution program should ensure that direction and guidance, processes and procedures are set and followed by all program activities. Information on core and non-core program results are not compiled, monitored or comprehensively reviewed. This finding was echoed in previous evaluation of the Contribution program. Enhanced reporting to the Program Manager and involvement of the Steering Committee in regular program updates would improve the management structure. In this regard, the Program Manager should play a key role and ensure that communication and accountabilities are enhanced with core and non-core program activities, and where necessary, using the NATO Steering Committee as an important platform to engage stakeholders.

ADM(RS) Recommendation

2. Establish a strategic coordination role within ADM(Pol) that would take a consolidated approach to providing L1s access to consistent information and improving awareness of DND/CAF's larger NATO engagement.

OPI: ADM(Pol)

OCI: ADM(Fin), VCDS

ADM(RS) Recommendation

3. Continue to provide funding through the NATO Contribution Program to the core and non-core programs for NATO membership however, going forward, develop processes for the DND/CAF to monitor and/or comprehensively review core and non-core program results. This will provide a holistic perspective of the program and also assist in determining which non-core program activities may be funded for the next program cycle through the NATO Contribution program.

OPI: ADM(Fin)

OCI: ADM(Pol), VCDS

ADM(RS) Recommendation

4. Develop mechanisms to make NATO program information (outputs and outcomes) accessible to DND/CAF members.

OPI: ADM(Fin)

2.4.6 Intermediate Outcome 1 – Inclusion, promotion, and support of Canadian industry at NATO

To what extent does the DND/CAF support and promote Canadian industry considering or currently doing business with NATO?

The following indicators were used to assess this outcome:

- Support provided to Canadian industry by DND/CAF; and
- Participation of Canadian industry in NATO contracts.

Key Finding 15: The Washington Treaty (1949), recent Warsaw Summit (2016), and the Global Engagement Strategy (DND, 2015) support the involvement and development of member nations' industries in order to provide domestic economic benefits and benefits to NATO as a whole. Participation and awarding of Canadian industries in NATO contracts

have been lower compared to other similar NATO countries. As an example, France and Belgium industries gain about four times their national contribution and Norway about three times in total value of contracts.

Key Finding 16: France and the US have larger delegations to support industry compared to Canada. These countries have also developed comprehensive strategies to support national industry.

Involvement of industry in NATO is supported by the Washington Treaty (1949) Article 2, as members of NATO agree to “encourage economic collaboration between any or all of them.” At the Warsaw Summit in 2016, the involvement of industry in NATO was again emphasized as members resolved to build “a stronger defence industry across the Alliance, which includes small- and medium-sized enterprises, greater defence industrial and technological cooperation across the Atlantic and within Europe, and a robust industrial base in the whole of Europe and North America.” The Global Engagement Strategy (DND, 2016) provides “Canadian Prosperity” as a federal government priority; promoting and providing support to Canadian industry at NATO provides opportunities for Canadian industry to prosper.

Assisting industry doing business with NATO has also been a whole-of-government effort. In 2014, Government of Canada has released an Industrial and Technological Benefits Policy.⁷³ The Policy has four primary pillars: Canadian supplier development; investments in research and development; direct work; and exports. It was mentioned that the latter should have a significant influence in terms of “motivating” companies in securing exports markets including selling to NATO countries.

In 2012, Canada has established a permanent NATO Canadian National Technical Expert (NATEX) role at NCIA, recognizing that “supporting defence industry is a key element in ensuring that Canada receives a meaningful return on investment from its participation in NATO activities.”⁷⁴ The BNATO team along with the NATEX at NCIA are responsible for keeping Canadian companies informed of business opportunities at NATO. The NATEX also maintains close relationship with BNATO, other government departments (Global Affairs Canada Trade Commissioner Service, with Innovation, Science and Economic Development Canada, and the Canadian Commercial Corporation), the Canadian Association of Defence and Security Industries and with regional and provincial industry associations. These representatives provide advice and support to Industry by organizing Industry Days where they share experience on how

⁷³ Under the Defence Procurement Strategy, the IRB Policy has been transformed into the Industrial and Technological Benefits Policy to generate a step change in how economic benefit to Canada is leveraged from defence procurement.

⁷⁴ VCDS letter 7000-1 (DDA) May 27, 2002 supporting the creation of the NATEX post.

to do business with the NATO and provide them with necessary information and form partnerships.⁷⁵

According to a report published by the NATEX at NCIA,⁷⁶ Canadian industry participation at NATO is best described according to its business activity at the two main NATO procurement agencies, one where Canadian industry is not performing well (NCIA) and the other where Canadian industry is doing relatively well (NSPA). NCIA conducts mainly large capital acquisitions geared towards large companies whereas NSPA conducts a large volume of big and small maintenance and logistics type contracts geared towards both large and small companies.

Although the NSPA is another main source of business opportunities for Canadian industry, Canada has no liaison officer assigned to NSPA, therefore the NATEX also assists Canadian industry doing business with NSPA. As mentioned previously in this report, other NATO countries such as France have a larger delegation of five people to support industry, followed by US that have three people.

Based on the NATEX report's findings and interviews with various stakeholders, including outside experts, Canadian industry has rarely competed in the NCIA market. This could be due to several factors, including that around 79 percent of the NCIA contracts are sole sourced thus reducing opportunities to compete and the remaining market is very competitive. To be able to bid on NCIA contracts or subcontract with the large winning companies of sole-sourced contracts demands investing a lot of time.

When NATO members' contributions to the common-funded NSIP budget are compared to what their industries get back, it appears that companies from France, Belgium, US, UK and Norway do much better than other NATO nation's companies. As an example, France and Belgium industries gain about four times their nations' contribution and Norway about three times. For France their return is substantial considering France contributes 11 percent of NSIP funding.⁷⁷ Canada's annual return is roughly 250K EUR, which is about 0.05 percent industrial return compared to its 6.6 percent contribution to the NSIP budget.⁷⁸ Comparisons between Canada and European countries' success in participating in NATO contracts should note the influence of geography. France, for example, has more resources available in Europe to monitor business opportunities. In addition, Canadian parent companies with subsidiaries in Europe have their contracts with NSPA and NCIA reported in the country they are based in, rather than Canada.

Canadian industry has done better at NSPA – although underperforming in terms of industrial return. NSPA has a large volume of low value contracting opportunities and it uses a principle of directed industrial return according to national funding.⁷⁹ Most of NSPA's common funding

⁷⁵ These visits include several networking and business-to-business engagement sessions with local companies and stakeholders from Belgium and Luxembourg with the support of the Canadian Commercial Corporation.

⁷⁶ Canadian Industry Doing Business at NATO. A performance report by Canada's National Expert to NATO Communications and Information Agency. August 11, 2016. This report is based on a survey of Canadian Industry.

⁷⁷ Canadian Industry Doing Business at NATO. A performance report by Canada's National Expert to NATO Communications and Information Agency. August 11, 2016. This report is based on a survey of Canadian Industry.

⁷⁸ Ibid.

⁷⁹ The industrial return policy takes into account a ratio of the value of a country's contracts with the NSPA compared to the sales made to that country. This ratio results in a rating of "well placed," "less well placed" and

(eight percent of NSPA's total funding) comes from the Military Budget. Canada's contribution to the common-funded Military Budget is 6.6 percent in 2016, up from 6.1 percent the year prior. Unlike NCIA, NSPA employs a directed industrial return formula based on national funding although the formula does not take into account common funding.⁸⁰ Since 2009, Canadian industry placed "poorly" and "less well placed" with 2015 being the first "well placed" year, mainly because Canada's national funding into NSPA has steadily declined since the closeout of its International Security Assistance Force mission in Afghanistan.

Interviews with program staff indicated that companies who have already done business with NATO have been comfortable in bidding again. Others that are initially interested shy away from requirements such as security clearance. The Canadian Delegation nominated 60 Canadian companies to bidders' lists for NCIA opportunities during 2013 and 2014, but only one company submitted a bid. These limitations are also coupled with the geographical challenges of Canada and lengthy process required for bids. It was mentioned that most companies were discouraged before the bidding process started.

There is some evidence that before the withdrawal from the jointly owned and operated NAEW&C and the AGS programs, Canadian industry has taken active part in contracts. Canada's withdrawal might have resulted in some loss of contracts.⁸¹ Between 1992 and 2010, Canada contributed \$161 million towards depot level maintenance of NAEW&C fleet, and Canadian companies received \$180 million in contracts as part of the service package.⁸²

Examples of NATO countries that made significant improvement based on their national strategies in procurement are (1) US companies has generally performed well in procurement because they own the intellectual property and had substantive support from their government; and (2) Norway has also performed well because of its defence industrial strategy, which identifies Norway's niche markets, particularly in the maritime area. This approach requires the government to develop key industry capabilities.

Also mentioned was the fact that, Canadian companies are not always selling products purchased by their own government, which is an uncommon practice by other member countries. For example, in some European countries such as UK, Germany, Switzerland, Sweden and Finland critical industrial capabilities are identified and periodically reviewed to correspond to the needs of the Defence Forces. These countries have also defence industrial policies in place to safeguard the interests and promote their defence industrial capabilities and development of strategic and critical capacities. Another purpose is to create favourable operating preconditions for the future of the defence industry sector.

"poorly placed". When a company from a given country bids on a contract, if they are less well placed or poorly placed they will be given the opportunity to adjust their bid to match competing bids from a well-placed country. Being less well placed or poorly placed does not guarantee a country will win a bid, the process is still competitive.

⁸⁰ The industrial return formula is calculated based on a running three-year average.

⁸¹ Canadian Press, "Withdrawal from NATO surveillance programs to hurt Canadian contracts", retrieved September 19, 2016, <http://ipolitics.ca/2013/08/05/withdrawal-from-nato-surveillance-programs-to-hurt-canadian-contracts/>.

⁸² Ibid.

ADM(RS) Recommendation

5. Improve efforts to assist industry with potential contracts as per the Global Engagement Strategy (DND, 2016) and the Industrial and Technological Benefits Policy (2014) to align Canadian industrial participation with potential NATO contracts.

OPI: ADM(Mat)

OCI: ADM(Fin)

2.4.7 Intermediate Outcome 2 – NATO Contribution Program activities improve interoperability with NATO countries

To what extent does DND/CAF's membership in NATO, enabled by the NATO Contribution Program, affect interoperability with other NATO countries?

The following indicators were used to assess this outcome:

- Canada's implementation rate for NATO Standards; and
- Opinions on how to improve CAF's interoperability through standardization

Key Finding 17: There are areas where interoperability can further be improved through implementation of NATO standardization.

As covered in the previous section (Immediate Outcome – 1), standardization between NATO countries provides common doctrine and procedures required for joint and combined operations and therefore it is the main tool to achieve interoperability between Allies and Partner Nations. Canada's recorded implementation rate of NATO standards in NATO statistics has been recorded as 26.35 percent.⁸³

In terms of improving interoperability between Canada and NATO, the evaluation team consolidated the opinions of the NATO Standardization Group within the CAF. These are (1) the NATO doctrine should be reflected in DND/CAF's own doctrine to increase interoperability; (2) component commanders and their standardization staff should promote the importance of NATO standards for interoperability and prioritize accordingly; (3) more personnel and time should be committed to NATO doctrine efforts in order to assist in the production of the product and thus influence its development and adoption by other nations; and (4) and it would be useful to

⁸³ Based on interviews with NATO Standardization Group, implementation rate of Canada could be much higher than the rate recorded in NATO statistics (26.35 percent), particularly in doctrine implementation. For example, the Army has its own counter-insurgency doctrine manual, and has chosen not to assist in the development of the NATO publication. Similarly a representative from the Canadian Forces Maritime Warfare Centre believed that while the statistical number (26.35 percent) might be technically accurate, all Royal Canadian Navy(RCN) units carried applicable NATO Maritime Tactical publications, and could therefore be in a position to execute tactics at a 100 percent level.

evaluate which standards Canada have not implemented, and the rationale therein. For example, there may be technical, physical, and environmental or security reasons that prevent Canada from implementing more of the available standards. The fact that Canada also complies with other agreements, such as the one with US International Traffic in Arms Regulations (ITAR) or 5-Eyes Standardization requirements, might have prevented further implementation of the NATO standards. It is difficult to predict whether or not CAF could be more interoperable without knowing the specific standards that have not been implemented.

Based on documents reviewed, most experts in the area agree that the future of NATO is dependent on the level of US commitment and support. Through close operational relationship with the US, Canada should continue working on interoperability so that both forces can work together whenever necessary without the need for significant incremental training or modifications to be made to the equipment employed.

2.4.8 Intermediate Outcome 3 – NATO Contribution Program activities demonstrate Canada's commitment to NATO

To what extent Canada continues to be a committed member of NATO?

The following indicator was used to make this assessment:

- Extent of Canada's commitment to NATO membership
 - Assessment of NATO funding throughout the Alliance,
 - Qualitative and quantitative assessment of allied nation's/other experts' opinions on Canada's contribution to NATO, and
 - Level of Canadian representation in NATO Command structure and International Military Staff.

Key Finding 18: According to NATO records, in 2015 Canada spent the equivalent of 0.98 percent of GDP on defence in comparison to the 2 percent guideline to be moved towards by 2024. Canada has also demonstrated commitment to NATO by agreeing to lead a multi-national NATO battlegroup in Latvia.

Key Finding 19: DND/CAF fulfills hundred percent of their personnel support commitment in NATO Command.

Since 2014, Canada has actively participated alongside its NATO Allies in measures to maintain security and stability in Central and Eastern Europe through training, exercises and other

operational tasks.⁸⁴ The Defence Minister announced in June 2016 that “Canada is stepping up and playing a leadership role in NATO in support of Euro-Atlantic peace and security.”⁸⁵ At the July 2016 NATO Summit in Poland, the Prime Minister of Canada announced, Canada's largest sustained military presence in Europe in more than a decade. Accordingly, Canada will lead a robust multinational NATO battlegroup in Latvia, becoming one of four Framework Nations, as part of the Alliance's enhanced Forward Presence in Eastern Europe.

Following the NATO Summit held in Wales in 2014, Canada and other Alliance members, committed to reverse the trend of declining defence budgets, to make the most effective use of funds and to further a more balanced sharing of costs and responsibilities. The alliance members accepted to continue to spend a minimum of two percent of individual national Gross Domestic Product on defence, or where a country is currently spending less than two percent, then to move towards spending two percent of Gross Domestic Product on defence within the next ten years.⁸⁶

Based on documents reviewed and interviews conducted, the method by which NATO members report spending towards their military is not consistent across the Alliance, and therefore, comparing spending across nations has always been a challenge. Today, five NATO members meet the NATO guideline to spend a minimum of two percent of their Gross Domestic Product (GDP) on defence.⁸⁷ Factors at issue include how much money nations spend towards operations, capital equipment acquisitions, personnel costs, and real property management. These differences demonstrate the difficulty of using this type of measurement to determine real levels of military investment and financial support, as it is the responsibility of each reporting nation to identify how the funds have been spent.⁸⁸ According to NATO records, in 2015 Canada spent the equivalent of 0.98 percent of GDP on defence. Among Group of 7 nations, Canadian defence expenditures as a percentage of GDP are the lowest. Currently, efforts are continuing on how to accurately assess national capability and contributions.

According to documents reviewed and interviews conducted with senior military members, at the strategic level, the degree of influence of each Ally within NATO is theoretically equal, as the Alliance bases all decisions on consensus where each member has an equal vote. Those decisions however, are often based on military advice provided by NATO Military Authorities, made of both Strategic Commanders (SACEUR and Supreme Allied Commander Transformation (SACT)) and the Military Committee and enabled by the International Military Staff at NATO headquarters. Influence within the NATO Military Authorities is mostly achieved at General

⁸⁴ Government of Canada, media release, “Canada makes commitment to NATO Defence and deterrence measures,” July 2016, <http://pm.gc.ca/eng/news/2016/07/08/canada-makes-commitment-nato-defence-and-deterrence-measures>

⁸⁵ Government of Canada, media release, “Canada assumes leading role for NATO's enhanced presence in Eastern and Central Europe,” June 30, 2016.

⁸⁶ North Atlantic Treaty Organization, *Wales Summit Declaration: Issued by the Heads of State and Government participating in the meeting of the North Atlantic Council in Wales*, 2014, paragraph 14.

⁸⁷ *Warsaw Summit Communiqué, Issued by the Heads of State and Government participating in the meeting of the North Atlantic Council in Warsaw*, July 2016, retrieved, October 11, 2016.

<https://ccdcoe.org/sites/default/files/documents/NATO-160709-WarsawSummitCommuniqué.pdf>

⁸⁸ John Alexander, *Canada's Commitment to NATO: Are We Pulling Our Weight?*, Canadian Military Journal, Vol. 15, No. 4, Autumn 2015.

Officer⁸⁹ and Colonel Levels, while all ranks below contribute to the ability for NATO to deliver effect.⁹⁰

The program staff explained that in 2010 Canada had 6 stars⁹¹ in NATO's command structure; this number went down to 4.5 stars in 2016.⁹² Going from 6 to 4.5 stars⁹³ meant a divestment of roughly 50 support positions in the command structure. At the same time, Canada announced withdrawals from the NAEW&C and AGS programs. Canada also announced that it would not be part of the International Security Assistance Force⁹⁴ and Resolute Support.⁹⁵ Conversely, Canada has filled 100 percent of its apportioned personnel support commitment in NATO Command to prevent any reputational hit. It was mentioned that some allies do not comply with this requirement.

General Officers within the NATO International Military Staff are highly sought after positions and unlike the Command Structure, these positions are elected and come with no support personnel obligation.⁹⁶ Some European allies prepare candidates for those posts and have officers who made NATO their principal career stream. There were approximately five elections in the last year and Canada only nominated one candidate for one election. It was mentioned that Canada would need a deliberate plan, before nominating a General Officer for the International Military Staff positions.

The decision to stay with lower numbers of star positioning was taken after careful deliberations, given the high costs of posts outside of Canada, not only for General Officers but for the number of support personnel imposed within the NATO Command Structure. The negative trade-off of reduced capacity could lead to reduced ability to shape advice within the Alliance. However, based on interviews with program staff and international representatives, Canada is still recognized through quality of its people rather than the quantity. Since Canada has worked

⁸⁹ General Officers within the two commands (SHAPE and ACT or SACEUR and SACT) are apportioned to nations based on their share of the common funding envelope of the Alliance. Based on that formula, Canada could be apportioned roughly 11 stars for approximately 6 percent of the common budget envelope of the Alliance. Stars are how NATO accounts for General Officers within its Command Structure (BGen is 1-star, a MGen is 2-star, a LGen is 3-star and a Gen is 4-star). With each star comes the obligation to fill a vertical slice of roughly 35 positions distributed over the entire rank structure, from Col to Cpl.

⁹⁰ Source: Interviews with senior level Officers at NATO.

⁹¹ The star system works as follows: BGen is 1-star, a MGen is 2-star, a LGen is 3-star and a Gen is 4-star. With each star comes the obligation to fill a vertical slice of roughly 35 positions distributed over the entire rank structure, from Col to Cpl.

⁹² Canada is entitled to 11 stars and was initially offered 9 stars.

⁹³ Canada has 4.5 stars in the NATO Command Structure, no star on the International Military Staff, and will hold the position of Commandant of NATO Defence College starting April 2017 (which is 3-star).

⁹⁴ NATO took the lead of the International Security Assistance Force (ISAF) in Afghanistan on August 11, 2003. The transition process was completed and Afghan forces assumed full security responsibility at the end of 2014, when the ISAF mission was completed. http://www.nato.int/cps/en/natohq/topics_69366.htm.

⁹⁵ Resolute Support mission was launched on January 1, 2015 to provide further training, advice and assistance to the Afghan security forces and institutions. Last retrieved October 21, 2016. http://www.nato.int/cps/en/natohq/topics_69366.htm.

⁹⁶ Nominations are voluntary and candidates are elected by the Military Committee based on merit, although the committee is cognizant of the need to balance national representation within the Staff.

closely with like-minded nations in NATO committees and working groups, it was noted that this method of engagement has worked relatively well.

NATO regularly reviews its Command Structure and apportionment of stars between nations is negotiated during this review. It would certainly be advisable that there is a deliberate approach to the next review, with a clear star target in mind that will correspond to Canada's national ambition and the acceptable cost-benefit of being a member of NATO Alliance.

2.5 Performance—Demonstration of Efficiency and Economy

The following section examines the extent to which the NATO Contribution Program provides value for money by using the most efficient and economical means to achieve the outcomes expected of it. Efficiency is defined as “maximizing the outputs produced with a fixed level of inputs.” Economy is defined as “minimizing the use of resources to achieve expected outcomes.”⁹⁷ Economy also considers whether the resources allocated to the Program are reasonable and sustainable.

The evaluation team considered whether processes and mechanisms were in place for managing and ensuring efficiency and economy of resource use by the NATO Contribution Program during the period of FYs 2010/11 to 2015/16.

2.5.1 Demonstration of Efficiency

Most appropriate and efficient means are being used to deliver the NATO Contribution Program

The following indicators were used to make this assessment:

- Resource allocation is optimized
 - Funding process for NATO and how it affects DND's management of the program,
 - Cost avoidance as a result of membership in NATO activities, and
 - Opportunities for further efficiencies and value for money.

Key Finding 20: In order to deal with NATO's management of funding, ADM(Fin) optimizes the use of resources to the best of their ability by using historical financial information and trending.

⁹⁷ Treasury Board Policy on Evaluation, April 1, 2009.

2.5.1.1 Resource Allocation is Optimized

Funding Process

Periodically throughout the fiscal year, the Program Manager for the Contribution Program receives calls for contributions from the various NATO committees that govern the activities of which Canada is a member. Each year, the Resource Policy and Planning Board recommends for approval by the NAC a comprehensive Medium Term Resource Plan, which sets financial ceilings for the following year and planning figures for the four subsequent years. The five-year Medium Term Resource Plan sets the parameters within which NATO's Budget and Investment Committees oversee the preparation and execution of their respective budgets and plans. The cost share formula, based on GDP, with the US being capped at approximately 22%, and agreed upon by all member nations, is applied to the budget and countries are called upon periodically to pay their contributions to NATO.

The evaluation noted that, in managing the Contribution Program, ADM(Fin) has to take into account a number of issues to plan for upcoming contributions. NATO works on a January to December fiscal year as opposed to DND's April to March fiscal year. In order to manage this incongruity, ADM(Fin) uses historical financial data to predict calls for contributions outside of the current NATO fiscal year. NATO financial trends are also used to plan for upcoming contributions when a cost share agreement has expired and for planning for contributions in upcoming years. NATO budgets often overestimate upcoming spending; by managing the contribution program this way, DND is not setting aside greater funds than is necessary for the contribution program. Finally, ADM(Fin) must conduct a foreign exchange sensitivity analysis to develop a range of potential contribution values which accounts for fluctuations in exchange rate for Canadian dollars to Euros.

ADM(Fin) ensures that the calls for contribution are within the scope of the Treasury Board submission for the Contribution Program and within the amount agreed upon by Canada and other NATO members. BNATO, as representatives in the committees for the Military Budget and the NSIP are able to convey Canada's position on NATO funding, although decisions are made by consensus so DND does not have total control over how much funding NATO requires. The Program Manager keeps track of calls for contributions in comparison to previous years to ensure spending is on track for the current year. If an expected call letter is missing, the Program Manager will work with B NATO to prompt the given NATO activity to release a call letter which will enable ADM(Fin) to keep program spending on track. The Program Manager, B NATO, and ADM(Pol) work closely together throughout the year to ensure contributions to the Military Budget and NSIP are within planned levels and to anticipate and plan for upcoming changes in funding. For the smaller non-core activities, the Program Manager consults with the DND staff involved in these activities during the Annual Reference Level Update to ensure that any requested increases in funding are necessary. This challenge function to requests for funding is required as part of the *Financial Administration Act* section 34 verification process. The Program Manager must review that funding requested is based on eligible expenditures.

There are a number of factors related to NATO financial management that affect DND's financial planning of the contribution program. Overestimation of upcoming spending often occurs when planning for the winding down of operations; costs savings are predicted but never

materialize. The operational cost of new capabilities can also be larger than NATO anticipates, resulting in need for increased contributions above what is planned for. The International Board of Auditors report on the NSIP identified consistent spending below approved ceilings and spending overruns on individual projects.⁹⁸ For Military Budget funds that are not spent in the planned fiscal year, NATO financial regulations allow these funds to be carried forward for up to two years.⁹⁹ After two years ADM(Fin) requests these contributions be returned. For NSIP, adjustments to calls for contributions are made on a quarterly basis to account for underspending.

Cost avoidance through the program

Key Finding 21: A number of NATO contribution program activities offer benefits to DND/CAF by providing access to unique capabilities and expertise. The evaluation noted opportunities to improve and optimize DND/CAF's involvement in other program activities to fully take advantage of their outcomes.

In interviews with NATO stakeholders within DND, it was reported that a number of non-core activities resulted in cost avoidance for the department. Non-core activities such as FORACS and MSIAC provided DND/CAF with capabilities that would be difficult to procure, operate, and build expertise in on its own. In particular, an interviewee informed the evaluation team that no single country has the suite of naval testing capabilities available through FORACS. DND/CAF's contribution to FORACS allows for a say in the development of the testing facilities, priority access to FORACS ranges, and discounted charging rates for use of ranges. If contributions to the program ceased, the Navy could still access FORACS facilities, although at a higher daily cost rate, and with no guarantee that the ranges will be available for a non-member. Membership in the MSIAC provides DND/CAF "with direct access to MSIAC technical support staff, its restricted libraries and associated databases" for an average annual contribution of \$117,735. "The explosives safety information contained in these resources would otherwise be unavailable or extremely difficult to acquire through other means."¹⁰⁰ From 2010 to 2015, Canada submitted a total of 30 questions to MSIAC, receiving researched responses. These responses would have required significant investment to develop if Canada was not a participating member of NATO.

⁹⁸ NATO, IBAN, *Special Report by the International Board of Auditors on the Need to Reform Governance of the NATO Security Investment Programme*, June 11, 2015, http://www.nato.int/issues/iban/performance_audits/150716-nsip-eng.pdf.

⁹⁹ NATO, *NATO Financial Regulations and Financial Rules and Procedures*, http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2016_03/20160316_2016-nfr-nfp.PDF.

¹⁰⁰ Canada, Department of National Defence, *Director Ammunition and Explosives Regulation Annual Report 2014*.

Opportunities for further efficiencies through more use of program outputs

Key Finding 22: DND/CAF is unable to access common fuel contracts through the NSPA program due to Treasury Board contracting policies. Improvements to existing contracting policies could lead to cost savings.

Further cost avoidance and efficiencies could be gained by DND/CAF by making full use of the capabilities and services available through non-core programs like CJOS COE, MSIAC, and the NSPA. There is no additional cost to making greater use of CJOS COE as Canada is already contributing to their operating costs. As a member of the CJOS COE, Canada is permitted to submit requests for support to the Centre. Canada has submitted only three formal requests since 2010 to the centre and as a result has lost opportunities to benefit directly from the centre's expertise. The other twelve member nations submit an average of one to two requests per year, but this number has increased in 2016, for example, two nations have submitted four requests each. It was reported that while Canada submits questions to MSIAC, the outputs of the centre could be made of greater use within the department in order to increase the value of this non-core activity to the department.

DND contributes financially to the NSPA, an organization which organizes fuel contracts for use in NATO operations. DND NATO stakeholders noted that since 2014, the CAF no longer had access to fuel contracts through the NSPA. Instead, the CAF had to contract fuel services alone instead of benefitting from a group contract with a number of other NATO nations. This issue is due to Treasury Board policies which view contracts made through the NSPA as sole source contracts. Not being able to tap into NSPA fuel contracts results in costs to the CAF due to the need to run a separate competition for fuel contracts, and the greater cost of fuel through contracting alone as opposed to through a group contract. Reviewing the NSPA contracting process for alignment with Treasury Board policies and potentially seeking increased DND contracting authority could allow for the DND/CAF to benefit from NSPA group contracts, saving time and money.

The DND/CAF could consider halting contributions to some of the non-core programs, however, this would lead to not only loss of access to expertise and strategic information but also valuable relationships with other NATO nations. It is difficult to quantify the value of maintaining relationships with other nations, but the total contributions to non-core programs in comparison to the departmental budget (0.01 percent in 2015/16) should be considered to show that maintenance of relationships through the NATO contribution program provides good value for money.

2.5.2 Demonstration of Economy

Are resources allocated to the NATO Contribution Program reasonable, economical, and sustainable?

The following indicators were used to make this assessment:

- NATO Contribution program budget in comparison to DND budget/trends in contributions to NATO;
- Cost share and comparison of Canada's NATO contributions to other NATO countries; and
- Value for money.

2.5.2.1 NATO Contribution program budget in comparison to DND budget/Trends in contributions to NATO

Key Finding 23: DND/CAF's contributions to NATO dropped from \$230 million in 2010-2011 to \$130 million in 2015/16. A contributing factor to the reduction was DND/CAF's withdrawal from NAEW&C and AGS acquisition group. Canada has the sixth largest cost share of Military Budget and NSIP contributions, in comparison to other NATO members.

(\$000s)	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	Six-year total
NATO Contributions	233,176	171,239	151,970	137,729	108,206	130,769	933,088
Change from previous year (%)		-26.6	-11.3	-9.4	-21.4	20.9	
Department Actual Spending	20,298,257	20,218,758	19,978,190	18,764,374	18,453,938	18,666,073	116,379,591
Percentage of total Departmental Expenditure (%)	1.15	0.85	0.76	0.73	0.59	0.70	0.80

Table 3. Trends in Contribution Program Sending and Program Expenditure as a Percentage of the DND Budget.

Source: DND Actual Spending from Departmental Performance Reports 2010/11 to 2014/15. NATO Contributions from Public Accounts of Canada.

In FY 2015/16 expenditures for the NATO Contribution Program were almost \$131 million. Contributions to NATO have decreased from \$233 million in FY 2010/11 and have decreased annually at an average rate of 9.6 percent. The decrease in expenditures is mainly due to Canada's withdrawal from the NAEW&C and AGS acquisition program and in a decline in the cost of Alliance Missions and Operations (due mainly to activities in Afghanistan). This decline was reversed in 2015-16 and is given the change in security environment and new capabilities coming on stream (ACCS and AGS); costs are anticipated to increase over the next few years.

Reductions were also experienced in the expenditures for smaller non-core programs over the six year evaluation period. Decreases in contributions were also caused by unspent funds that were carried over to the subsequent year; carry overs can be used to reduce future contributions to a NATO activity. Increases in contributions can be attributed to a number of factors including increases in operational tempo and the cost of operating new capabilities.

In recent years, DND has been negotiating both the Military Budget and NSIP ceilings based on a Zero Nominal Growth position. This position was based on a 1994 Treasury Board decision to have the Department of Foreign Affairs and International Trade (now GAC) limit the growth of budgets belonging to international organizations. Along with increased activities and capabilities of NATO related to the new security environment, budgets ceilings have increased.¹⁰¹ As a result, DND/CAF has moved away from promoting the Zero Nominal Growth position and ADM(Fin) is planning for increased contributions to NATO.

2.5.2.2 Cost share and comparison to other countries

NATO uses a formula to determine the percentage of what each nation will contribute to the NATO Military Budget and NSIP¹⁰². The formula uses a nation's Gross National Income, current exchange rates, and purchasing power parity to determine their cost share. The US is an exception and has their cost share capped at slightly more than 22 percent in 2016. As a result of this formula, Canada's cost share for NATO core-activities fluctuate with the country's economic performance. The following table shows Canada's cost share of the Military Budget and NSIP in comparison to other NATO members for the past six years. Canada is NATO's sixth largest contributor with a cost share of 6.61 percent in 2016 that has been increasing steadily due to Canada's economic growth since 2010 and a phasing in of a new cost share formula based on GNI and PPP.

¹⁰¹ NATO, *Warsaw Summit Communique*, Paragraphs 33-35.

¹⁰² NATO, Resource Policy Planning Board, "Cost share arrangements for the Civil Budget, Military Budget, and the NATO Security Investment Program", September 16, 2015.

	2010	2012	2014	2016	Change from 2010 to 2016 (%)
United States	21.75	22.20	22.20	22.15	1.8
Germany	15.54	14.89	14.64	14.65	-6.0
France	11.62	11.17	10.97	10.63	-9.3
United Kingdom	11.55	11.17	10.48	9.85	-17.3
Italy	9.02	8.65	8.73	8.41	-7.2
Canada	5.50	5.94	6.09	6.61	16.8
Spain	4.56	4.89	5.22	5.78	21.1
Turkey	3.14	3.68	4.13	4.39	28.5
Netherlands	3.35	3.29	3.27	3.18	-5.4

Table 4. Canada's Cost Share of the Military Budget and NSIP. Cost shares of NATO member nations (nine largest in terms of GDP) for Military Budget and NSIP components that are funded by 28 nations.

Source: NATO document AC/335-N(2015)0038: Resource and Policy Planning Board cost share arrangements for Civil Budget, Military Budget and NATO Security Investment Programme and Cost Shares from 1955-2014 document provided to the evaluation by ADM(Fin).

2.5.2.3 Perception that the benefits and outcomes of NATO activities are worth the resources allocated to the Program – value for money

Experts interviewed agreed that the amount of funding that DND contributes to NATO is reasonable considering the benefits NATO involvement provides the Department.

Although the current level of NATO contributions was found to be acceptable, it was also agreed that further investment would result in further benefits, such as greater influence within this decision making body. Non-financial contributions also result in further benefits gained from NATO. DND/CAF is currently receiving good value for money through the NATO Program; if more benefits were sought, greater investment in NATO would be needed.

Some interview subjects were concerned that Canada does not receive direct infrastructure investment from NATO. However, Canada benefits from NATO investment overseas. For example, NATO infrastructure will be of great benefit to Canada's involvement in Latvia.

Annex A—Management Action Plan

ADM(RS) Recommendation

1. Review and actively implement NATO STANAGs, where appropriate.

Management Action

Comd CA: The Canadian Army (CA) has already made significant progress in ratifying and implementing a large percentage of NATO STANAGs, especially with respect to doctrine and equipment. The CA issued its Interoperability Directive in September 2016 with the aim of coordinating and directing outcomes and products that contribute to land operations interoperability with our Allies. The number one priority of this directive is to increase interoperability with our NATO allies through the ratification and implementation of NATO STANAGs. The CA will continue to actively contribute to the development and implementation of NATO STANAGs to ensure its interoperability during land operations in the future.

Comd RCN: The RCN is supportive of the review and implementation of NATO STANAGs and the task will be executed as prioritized and within resource availability.

Comd RCAF: The Commander of the Royal Canadian Air Force recognise the importance of NATO Standardization agreements (STANAGs) to interoperability with NATO allies. More resources will be dedicated to the implementation of STANAGs within the Air Force as well as within NATO working groups. The increase in resources will allow the Air Force to do the following:

- 1) Formally link existing doctrine to NATO STANAGS and report on the implementation of these STANAGs;
- 2) Report on NATO STANAGs that have not or will not be implemented and the reasons for this; and
- 3) Review Canada's implementation rate of NATO STANAGs and compare to the implementation rate as of April 2017.

OPI: Comd CA, Comd RCN, Comd RCAF

OCI: CANMILREP

Target Date: March 31, 2019

ADM(RS) Recommendation

2. Establish a strategic coordination role within ADM(Pol) that would take a consolidated approach to providing L1s access to consistent information and improving awareness of DND/CAF's larger NATO engagement.

Management Action

ADM(Pol) concurs with this recommendation and is already advanced in implementing a larger coordination role within the Department to facilitate NATO engagement with L1s. In November 2017, ADM(Pol) initiated and facilitated the first one of the L1 to BNATO/HOM series of meetings. The meeting was well received and will be held twice per year moving forward. In addition, ADM(Pol) will continue holding regular NATO coordination meetings at the Director/Deputy Director level. The aim of these meetings is to bring together those engaging with NATO across the Department, ensuring information is shared between L1s and the delegation in Brussels, and that BNATO is distributing the right reports to the right people. DIRs and DDs will be responsible for briefing up within their respective chains of command. The most recent meeting was held 23 Jan.

Finally, ADM(Pol) will develop a standard information package that can be used by L1s traveling to NATO meetings. The package will include off the shelf reporting (e.g., Synopsis of NATO Defence Ministerial Meetings (DEFMIN)) to ensure L1s have access to recent senior-level discussions on Canada's overall interests and positions within NATO. DNATO will update the package following each DEFMIN.

ADM(Pol) will regularly review the effectiveness of these three initiatives and its role as a NATO engagement coordinator.

OPI: ADM(Pol)

OCI: ADM(Fin), VCDS

Target Date: April 2018

ADM(RS) Recommendation

3. Continue to provide funding through the NATO Contribution Program to the core and non-core programs for NATO membership however, going forward, develop processes for the DND/CAF to monitor and/or comprehensively review core and non-core program results. This will provide a holistic perspective of the program and also assist in determining which non-core program activities may be funded for the next program cycle through the NATO Contribution program.

DND will use the existing Defence Capabilities Board (DCB) to monitor and review core and non-core program results as NATO is directly linked to Defence operating capabilities. As the DCB is already tasked to prioritize and sequence long term capital demands against the supply line, it can also be the venue to determine which core and non-core program activities are funded for the next program cycle.

OPI: ADM(Fin)

OCI: ADM(Pol), VCDS

Target Date: July 2018

ADM(RS) Recommendation

4. Develop mechanisms to make NATO program information (outputs and outcomes) accessible to DND/CAF members.

Management Action

ADM(Fin) will present NATO Contribution Program information to the Director of Structure Integration who will include the information for publication in the Defence Acquisition Guide (DAG). As a result, the DAG will improve efforts to assist industry with potential contracts and align Canadian industrial participation with potential NATO contracts.

OPI: ADM(Fin)

Target Date: July 2018

ADM(RS) Recommendation

5. Improve efforts to assist industry with potential contracts as per the Global Engagement Strategy (DND, 2016) and the Industrial and Technological Benefits Policy (2014) to align Canadian industrial participation with potential NATO contracts.

Management Action

To maximize industrial benefits for Canadian companies via export opportunities, ADM(Mat)/DGIIP will seek to re-align industry support resources where Canadian industry has proven to have a comparative advantage in winning NATO contracts. Since the bulk of Canadian industry contracts with NATO is conducted with NSPA, ADM(Mat)/DGIIP will seek the relocation of the NATEX to NSPA in order to align resources with demand. ADM(Mat)/DGIIP will collaborate with VCDS/MILREP to examine the level of support required from Brussels to mitigate any residual gap at NCIA.

ADM(Mat)/DGIIP will reinforce NATEX's collaboration with Innovation, Science and Economic Development Canada's Regional Development Agencies and the Industrial Technological Benefits branch in order to promote Canadian industrial participation in NATO programs and explore export opportunities with NATO nations. Also, the NATEX will leverage his/her network of more than twenty Liaison Officers working at NSPA to market Canadian defence industrial capabilities and link them with the Canadian Commercial Corporation when their respective nation is interested in procuring goods and services from Canada.

Target date of December 2017 for the confirmation of a new officer in place at NSPA, a mitigation plan for NCIA Brussels, and an outreach plan to Innovation Science and Economic Development Canada and the Canadian Commercial Corporation.

OPI: ADM(Mat)

OCI: ADM(Fin)

Target Date: December 2017

Annex B—Evaluation Methodology and Limitations

1.0 Methodology

The evaluation team used multiple lines of evidence and complementary qualitative and quantitative research methods to help ensure the reliability of information and data to support evaluation findings. In order to ensure the validity of data captured through different methodologies, a data triangulation approach was used. The methodology established a consistent approach in the collection and analysis of data to support findings, conclusions and recommendations. Based on the evidence from available sources, the evaluation reviewed the achievement of expected outcomes, and the efficiency and economy of the NATO Contribution Program, to develop a balanced picture of the relevance and performance of the Program. Information and data were correlated to each evaluation question and corresponding indicators.

1.1 Overview of Data Collection Methods

Data collection methods were selected based on the data required to address performance indicators in the Evaluation Framework (Annex D). The following data collection methods were used to gather qualitative and quantitative data for the Evaluation:

- literature and document review;
- key informant interviews;
- expert opinion;
- comparative research analysis with allies; and
- administrative and financial data reviews.

1.2 Details on Data Collection Methods

1.2.1 Literature and document review

A preliminary document review was conducted as part of the planning phase of the evaluation to garner a foundational understanding of the NATO Contribution Program. A comprehensive document review was undertaken as part of the conduct phase of the evaluation, focusing on the relevance and performance of the NATO Contribution Program.

The following documents were reviewed during the planning and conduct phases of the evaluation:

- Government and NATO websites;
- Government documents: Budget; Treasury Board Policies and Directives; *Canada First Defence Strategy*; Minister's Mandate letter; Standing Committee Report; media releases;
- DND documents: Reports on Plans and Priorities; Departmental Performance Reports; The Future Security Environment; Global Engagement Strategy; previous evaluation of the NATO Contribution Program; VCDS Letter; NATEX Report;
- NATO documents: Committee meeting documents, Summit Communiqués; Strategic Concept, IBAN reports; ; Secretary General's Annual Report;
- Legal documents: North Atlantic Treaty, 1949; *National Defence Act*; and

- Journal articles, external reports and studies, news articles: Canadian Military Journal, Journal of Military and Strategic Studies; Canadian Global Affairs Institute, Canadian Defence Institute; Canadian Press.

1.2.2 Key informant interviews

Interviews were conducted in person and over the phone. Interviewees were provided with an interview guide in advance. During interviews, clarifying questions were asked. Notes were taken by the evaluators during interviews, with the consent of the interviewees. The evaluators transcribed the notes taken during the interviews and compared them with one another, with a view to establishing a common record.

Over the course of the evaluation study, the Program Manager (under ADM(Fin)) was interviewed three times, members of BNATO were interviewed four times, and program staff from ADM(Pol) was interviewed once. Twelve OPIs from non-core program were interviewed once. Interviews were also conducted with two NATO committee chairs(international), academics (three), industry stakeholders(two), and other DND/CAF members who had duties related to Canada's involvement in NATO.

1.2.3 Expert Opinion

The evaluation interviewed four academics who had published work focusing on NATO to discuss their views on Canada's place in NATO.

1.2.4 Comparative research analysis with allies

Information from international allies was solicited to compare various aspects of the management of the NATO Contribution Program such as management structure, staff size, and engagement of industry. Information was gathered through interviews and email contact.

1.2.5 Administrative and financial data review

Financial data on the NATO Contribution program was reviewed to determine the degree of efficiency and economy of program activities. The data covering FY 2010/11 to 2014/15 was extracted from multiple official (DRMIS) and unofficial (ADM(Fin) excel sheets for tracking program expenditures) systems and reports.

2.0 Limitations

Like all evaluations, the evaluation of the NATO Contribution Program has had its limitations. Table B-1 describes the limitations and mitigation strategies employed in the evaluation of the NATO Contribution Program:

Limitation	Mitigation Strategy
<p>Distinguishing the NATO Contribution Program from the entirety of DND/CAF's NATO involvement.</p> <p>The purpose of this evaluation was to assess the transfer payments made to NATO by the DND/CAF. However, transfer payments are only a small part of the DND/CAF's total involvement in NATO. At times it was difficult for the evaluation team to determine what activities could be directly attributed to the Contribution Program. Most stakeholders interviewed were also unaware of the distinction between contributions made to NATO and other NATO activities.</p>	<p>The evaluation team was careful in the scoping phase of the evaluation to determine the outputs and outcomes of the NATO Contribution Program. Although there are many outputs and outcomes of DND/CAF's total NATO involvement, the evaluation only assessed what was determined to be the most important aspects of the Program.</p>
<p>Identification of stakeholders.</p> <p>Due to the decentralized management structure of DND/CAF's NATO involvement, it was difficult to identify all stakeholder involved in the NATO Contribution Program. It is possible that key stakeholders were not consulted.</p>	<p>The evaluation team interviewed as many stakeholders as possible. The interview list continued to develop throughout the evaluation process and interviews were conducted as new stakeholders were identified.</p>
<p>Assessment of high level outcomes.</p> <p>Some intermediate and ultimate outcomes were difficult to quantify and as a result, it could be difficult to assess their achievement.</p>	<p>The assessment of intermediate outcomes included the use of document review, interview responses, and quantitative data where available. Information was triangulated in order to assess the achievement of the outcomes to the best of the evaluation team's ability.</p>

Table B-1. Evaluation Limitations and Mitigation Strategies. List of the limitations of the evaluation and the corresponding mitigation strategy.

Annex C—Logic Model

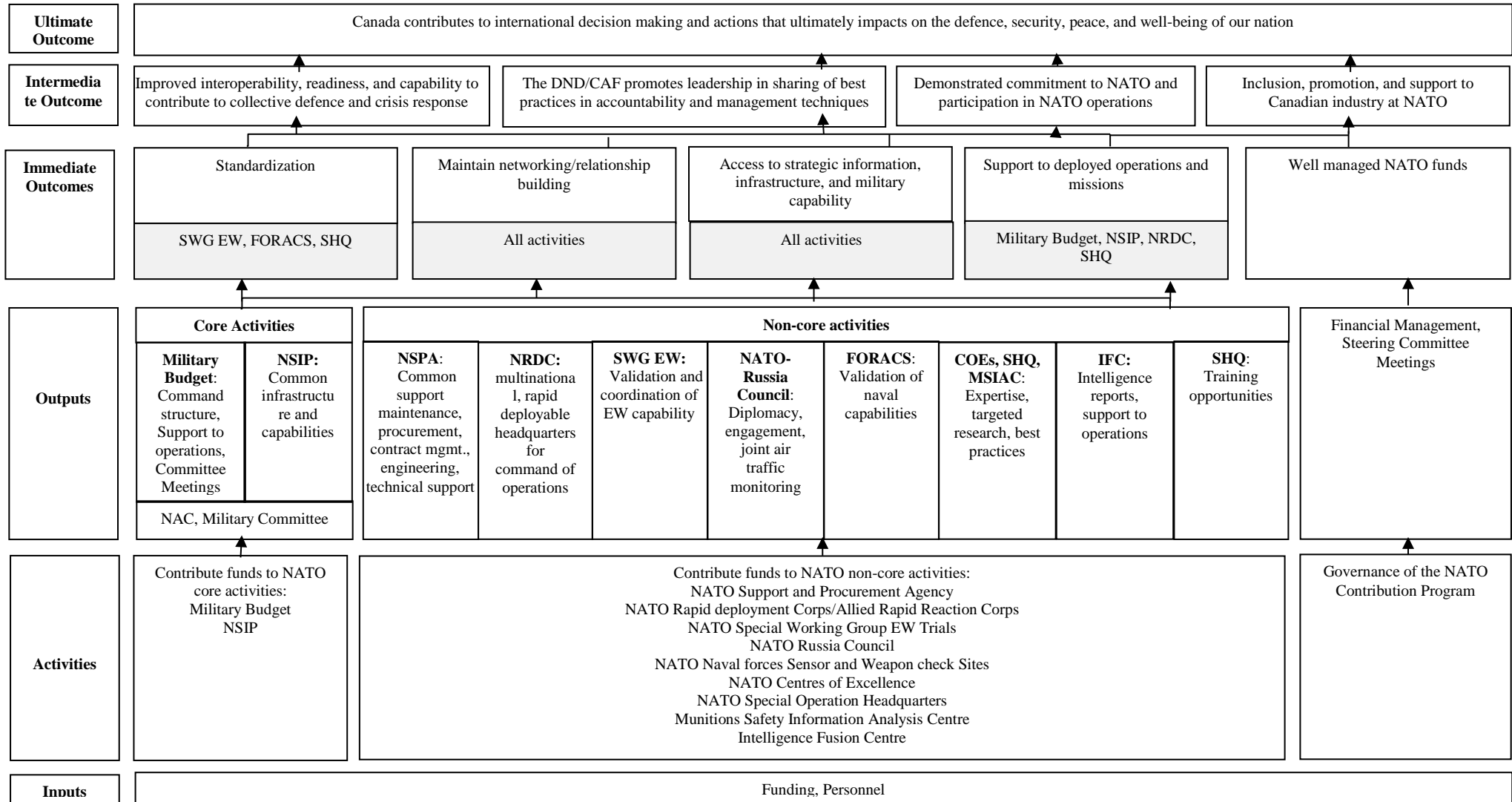


Figure C-1. Logic Model for the NATO Contribution Program. This flowchart shows the relationship between the program’s main activities, outputs and expected outcomes.

Annex D—Evaluation Matrix

Evaluation Matrix—Relevance				
Evaluation Issues/Questions	Indicators	Literature and Document Review	Key Informant Interviews	Expert opinion
1.1 Continued Need for the NATO Contribution Program <ul style="list-style-type: none"> Is there a continuing need for the NATO Contribution Program? 	1.1.1 Evidence of ongoing need for NATO Contribution Program activities	Yes	No	No
1.2 Evidence of future need for NATO contribution program activities <ul style="list-style-type: none"> Is there a future need for the NATO Contribution program? 	1.2.1 Evidence that the international security context indicates a need for NATO in the future	Yes	No	No
1.3 Alignment with federal roles and responsibilities <ul style="list-style-type: none"> Is the NATO Contribution Program consistent with the roles and responsibilities of the federal government and DND/CAF? 	1.3.1 Alignment of the NATO Contribution Program with government acts and legislation	Yes	No	No
	1.3.2 Extent of duplication of NATO Contribution Program activities that are the responsibility of other government departments, agencies, or private sector (role of GAC vs DND/CAF)	Yes	Yes	No

1.4 Alignment with government priorities, DND/CAF priorities, and NATO strategic objectives <ul style="list-style-type: none"> Is the NATO Contribution Program aligned with government priorities, DND/CAF priorities, and NATO strategic objectives? 	1.4.1 Alignment between NATO Contribution Program activities and federal government priorities	Yes	No	No
	1.4.2 Alignment between NATO Contribution Program activities and DND/CAF priorities	Yes	No	No
	1.4.3 Alignment of NATO non-core activities with NATO's overall strategic objectives	Yes	No	No

Table D-1. Evaluation Matrix—Relevance. This table indicates the data collection methods used to assess the evaluation issues/questions for determining the NATO Contribution Program's relevance.

Evaluation Matrix—Performance: Achievement of Expected Outcomes (Effectiveness)						
Evaluation Issues/ Questions	Indicators	Administrative and financial data	Literature and Document Review	Key Informant Interviews	Expert opinion	Comparison with allies
2.1 Immediate Outcome – 1 Increased standardization across NATO countries <ul style="list-style-type: none"> To what extent has the NATO Contribution Program contributed to increased standardization across NATO countries? 	2.1.1 Extent that Canada meets NATO standards/comparison to other NATO countries	Yes	Yes	Yes	Yes	Yes
	2.1.2 Stakeholder satisfaction with use of STANAGs	No	No	Yes	No	No
	2.1.3 Extent of Canada's participation in the development of NATO Standards	No	Yes	Yes	No	No
2.2 Immediate Outcome – 2 Core and non-core activities contribute to increased, relationship building and networking <ul style="list-style-type: none"> To what extent has the NATO Contribution Program core and non-core activities contribute to increased relationship building and networking? 	2.2.1 Evidence that Canada has a large and effective network based on its participation in NATO/Canada's profile is raised	Yes	Yes	Yes	No	Yes
	2.2.2 Degree of impact of Canada's withdrawal from the NATO Airborne Warning and Control	Yes	Yes	Yes	Yes	No

	and Air Ground Surveillance					
2.3 Immediate Outcome 3– DND/CAF gains access to equipment, capabilities, and strategic information as a result of the NATO Contribution Program <ul style="list-style-type: none"> To what extent did the DND/CAF gain access to equipment, capabilities, and strategic information as a result of the NATO Contribution Program? 	2.3.1 Examples of equipment and capabilities available to DND/CAF over the last five years as a result of the Contribution Program	No	Yes	Yes	No	No
	2.3.2 Examples of strategic information shared and received through NATO activities	No	Yes	Yes	No	No
2.4 Immediate Outcome 4 – Support to deployed operations and missions <ul style="list-style-type: none"> To what extent do NATO activities contribute to readiness for deployed operations and missions? 	2.4.1 DND/CAF participation in operations through NATO membership	No	Yes	Yes	Yes	No
	2.4.2 DND/CAF participation in exercises through NATO membership	Yes	Yes	Yes	Yes	No
2.5 Immediate Outcome 5–NATO Contribution Program is Well Managed <ul style="list-style-type: none"> Does the NATO Contribution Program have the right management/organizational/reporting structure? 	2.5.1 Representation at NATO committees and DND Steering Committee	Yes	Yes	Yes	No	No
	2.5.2 Level of awareness on the resources and effects of the Contribution Program	Yes	No	Yes	No	No

	2.5.3 Effective knowledge transfer, and best practices mechanisms in place within DND/CAF, utilized and is accessible	No	No	Yes	No	No
	2.5.4 Level of effectiveness of the management and reporting structure	No	Yes	Yes	No	Yes
2.6 Intermediate Outcome 1 - Inclusion, promotion, and support of Canadian industry at NATO	2.6.1 Support provided to Canadian industry by DND/CAF	No	Yes	Yes	No	Yes
	2.6.2 Participation of Canadian industry in NATO contracts	Yes	Yes	Yes	No	Yes
2.7 Intermediate Outcome 2– NATO Contribution Program activities improve interoperability with NATO countries <ul style="list-style-type: none"> To what extent does DND/CAF’s membership in NATO, enabled by the NATO Contribution Program, affect interoperability with other NATO countries? 	2.7.1 Canada’s implementation rate for NATO Standards	Yes	Yes	No	No	No
	2.7.2 Opinions on how to improve CAF’s interoperability through standardization	No	Yes	Yes	No	No
2.8 Intermediate Outcome 3 –NATO Contribution Program activities demonstrate Canada’s commitment to NATO	2.8.1 Assessment of NATO funding throughout the Alliance	Yes	Yes	Yes	No	Yes

<ul style="list-style-type: none"> To what extent Canada continues to be a committed member of NATO? 	2.8.2 Qualitative and quantitative assessment of allied nation's/other experts' opinions on Canada's contribution to NATO					
	2.8.3 Level of Canadian representation in NATO Command structure and International Military Staff	No	Yes	Yes	No	Yes

Table D-2. Evaluation Matrix—Performance (Effectiveness). This table indicates the data collection methods used to assess the evaluation issues/questions for determining the NATO Contribution Program's performance in terms of achievement of outcomes (effectiveness).

Evaluation Matrix—Performance: Demonstration of Efficiency and Economy						
Evaluation Issues/ Questions	Indicators	Administrative and financial data	Literature and Document Review	Key Informant Interviews	Expert opinion	Comparison with allies
3.1 Demonstration of efficiency	3.1.1 Funding process for NATO and how it affects DND's management of the program	Yes	Yes	Yes	No	No
	3.1.2 Cost avoidance as a result of membership in NATO activities	Yes	Yes	Yes	No	No
	3.2.3 Opportunities for further efficiencies and value for money	Yes	Yes	Yes	No	No
3.2 Demonstration of economy <ul style="list-style-type: none"> Are resources allocated to the NATO Contribution Program reasonable, economical, and sustainable? 	3.2.1 NATO Contribution program budget in comparison to DND budget/trends in contributions to NATO	Yes	Yes	Yes	No	No
	3.2.2 Cost share and comparison of Canada's NATO contributions to other NATO countries	Yes	Yes	No	No	Yes

	3.2.3 Perception that the benefits and outcomes of NATO activities are worth the resources allocated to the Program—value for money	No	No	Yes	Yes	No
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Table D-3. Evaluation Matrix—Performance (Efficiency and Economy). This table indicates the data collection methods used to assess the evaluation issues/questions for determining the NATO Contribution Program’s performance in terms of efficiency and economy.